



2901



**Terry Yorath:
Beirut's
Mr Soccer**

Sport Section, page 10

**Free SPY
plus skates
to be won**

See page 10 for token

MONDAY 5 FEBRUARY 1996 40p (TR 45p)

**The computer
game from the
spooks at the CIA**

Network pull-out: Section Two page 7

Government orders rail fraud inquiry

Allegations threaten privatisation plans

CHRISTIAN WOLMAR
Transport Correspondent

The Government yesterday ordered rail operators to conduct an urgent fraud inquiry after the first day of privately run passenger services was overshadowed by allegations of ticketing irregularities.

The investigation into ticket fraud allegations which stopped the sale of one of the three first lines - between London Tilbury and Southend - now threatens to disrupt the timetable for the entire privatisation programme.

The Government's celebrations in seeing private operators take over two lines, South West Trains and Great Western, were muted in the face of the delay to the sale of the LTS line which has led to reassessment of procedures.

Sir George Young, the Secretary of State for Transport, said that "procedures were robust" because the fraud appears to have been quickly uncovered. However, he has asked the Association of Train Operating Companies to re-examine their procedures and "see whether there are lessons to be learned".

Any fundamental problems with the privatisation process uncovered by these inquiries is bound to lead to further hold-ups in the Government's controversial and much-delayed franchising programme, which is designed to put rail services into private hands for the first time since 1948.

Investigations into the ticketing fraud are also being carried out by both British Rail and the rail regulator, John Swift QC. Labour last night demanded a police inquiry into the allegations.



church Street.

About half the 25 train operating companies share revenue for some ticket sales with London Transport and the investigations will consider whether other train-operating companies have failed to give London Underground its proper share of revenue.

Allotment of revenue between the operating companies is carried out by the ATOC

and is a highly complex operation which is so far untested because all the companies were, until yesterday, owned by BR.

Brian Wilson, Labour's transport spokesman, welcomed the investigations but said the police should be called in: "There was a clear victim for this alleged fraud and it was London Underground. The police must examine the books to see whether criminal offences were involved."

Any hint of fraud at other franchises will be highly embarrassing to ministers who only last week asked Roger Salmon, the franchising director, to speed up the pace of rail privatisation to have all the franchises in the private sector by next spring, the likeliest time for a general election.

Sir George refused to say whether the franchising process for the LTS line would be reopened, but it is clear that there will now be serious doubts over the future of the management buy-out team.

The other two lines to be sold off operated with few hitches, although Great Western's headquarters, Swindon, was virtually cut off by scheduled engineering works for most of the day and passengers had to use buses.

Stagecoach, Britain's biggest bus company, which took over South West Trains, promised to bring in new feeder bus services to two stations, Winchester and Liphook, and said its passengers' charter would be more onerous than that of its predecessor, by improving punctuality and reliability in February 1997. Great Western promised a few new services and several improvements.

Rabin's killer is a model student for his old college

PATRICK JACKSBURN
Jerusalem

The sharp, handsome face of Yigal Amir has been peering out of Israeli television screens and front pages every day in the three months since he killed Yitzhak Rabin, the prime minister, but his old university is claiming it had quite forgotten what he looked like.

This, at least, is the explanation of Bar-Ilan university when asked why no fewer than 12 pictures of Amir appear in a fund-raising booklet distributed at a dinner in New York last week. Pictures of Yigal Amir, who was a student at Bar-Ilan for three years, appear on page after page as the model student potential donors might like to support.

Shlomo Eckstein, president of Bar-Ilan, a religious university north of Tel Aviv, says it is all a



Amir: Picture used 12 times in this fund-raising booklet

horrible accident. Amir is not named in the booklet, which was prepared 18 months ago, and nobody noticed whose face was used. "I am extremely sorry," said Mr Eckstein, "that such a technical error has again led to a stigma against the university."

It is doubtful if all Israelis will be as forgiving as he hopes. The booklet may have been sent to the printers earlier, but it was re-edited to include a picture of Rabin and a dedication to his memory. Leah Rabin, his widow, said the booklet gave her the "chills", adding: "It is very hard for me to believe that this happened only because of lack of attention and carelessness."

The pictures show Amir with his eyes cast down as he studies. He is not giving his notorious grin, as he so frequently does in court. Critics of Bar-Ilan say it might be possible that one picture could slip through, but are sceptical that 12 could be missed. They also wonder how Amir came to be picked as a model student even before the assassination, since he was already known as an extreme right-wing militant.

Disillusioned Tory MPs quit in record numbers

PATRICIA WYNNE DAVIES
Political Correspondent

The Conservative Party is facing its biggest exodus of serving MPs for nearly a quarter of a century, as growing numbers of members opt for retirement or alternative careers rather than the prospect of opposition in an increasingly right-wing party.

An *Independent* survey of the 52 MPs who have already announced they are standing down shows that while many give age as the reason, there is significant disillusionment about the direction of the Tory party and what some view as a downgrading in the standing and importance of the Westminster system.

Some of the departing MPs have never known opposition, while for others it is only dimly recollected, and none of

those prepared to expand on their planned departure suggested that the life and influence of a backbench MP would do anything other than deteriorate.

For centre-ground One Nation Tories, the scale of the departures is provoking concerns that there will be a further shift to the right in the party and an explosion of career politicians principally interested in pursuing ministerial ambitions.

Sir Julian Critchley, who will be replaced as the candidate for Aldershot by right-wing former MP Gerald Howarth, said:

"The retirement of the gentlemanly old guard will leave a party overtaken by careerists, suspicious of foreigners, determined to end the welfare state. The Tories can ill afford to lose so many sensible and experienced members."

Sir John Hunt, the MP for

Ravensbourne who has served in the Commons for 31 years, said: "Parliament has become more abrasive and less agreeable. I have thought for a long time. The party has moved further to the right than I would have wished. I would be much happier if we got back to consensus politics and the sort of the party I joined 50 years ago - the party of Iain MacLeod rather than John Redwood."

Some MPs said they disapprove of the "soundbite culture of modern politics".

Defiant Tories insisted that the party's standing in the polls was not a factor and that the degree of disillusionment had been exaggerated. Sir Michael Marshall, Arundel, said:

"If we were reported properly we would be doing fine."

The 52 MPs, page 6

Leading article, page 12

Chinese satellite on course for UK's roofs

CHARLES ARTHUR
Science Correspondent

The civil defence network, mothballed since the Cold War ended, has been reactivated by a Home Office warning of a new threat - a wayward Chinese satellite that could crash into Britain at 1,000 mph in the next six weeks.

The threat from the satellite, which weighs a tonne but contains no nuclear material, is very real. The Ministry of Defence warned the Home Office last

year that the faulty satellite, code-named FSW1, had gone into a decaying orbit 100 miles above the Earth.

The Chinese, who launched FSW1 in October 1993, have lost control of its guidance rockets, meaning that its eventual crash-landing site will be entirely a matter of chance and can only be calculated a few days beforehand.

It presently orbits the Earth once every 100 minutes, tracing a path between 56 degrees south and 56 degrees north -

but there is a lot of doubt about whether those will work.

"Even if the parachutes did operate, it would make a hell of a hole if it landed on your roof."

Any householder unlucky enough to receive this example of space technology could expect the repair bill to be paid by the Chinese government. Under an international treaty, countries that launch objects into space agree to pay for damage caused if or when they land.

China embarrassed, page 3

Inspections to be tougher for weak schools

FRAN ABRAMS
Education Correspondent

say that standards are still far too low in the second phase of primary education, between the ages of seven and eleven. Last year's report showed that 30 per cent of lessons at this stage were unsatisfactory, along with one in four infant classes. In secondary schools, almost one in five were unsatisfactory.

Mr Woodhead's submission to Mrs Shephard on the cycle of inspections follows an earlier suggestion that schools should be inspected every two years but now Ofsted believes that there should be more flexibility.

Last night Labour's education spokesman, David Blun-



Woodhead: Flexible regime

kett, said that Mr Woodhead had failed to recognise the contribution local authorities could make to inspections.

"The Government seems to be terribly confused about the future of inspection. This review has been undertaken because of the failure of Ofsted to meet its own targets for primary schools. It must be based on the needs of schools and not on the short-term difficulties of the Government and of Ofsted," he said.

Ted Wragg, professor of education at Exeter University, recently co-authored a report which said good schools should be thoroughly inspected every 10 years with a shorter visit after five. If they passed they should be given a license to operate and if they failed they should be given six months to improve, it suggested.

The move will highlight the need for teachers to concentrate on the basics of reading, writing and mathematics and will

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IN BRIEF

Death squad fears
Ministers have been told they could be targets for IRA assassination squads if the Ulster ceasefire breaks down. Page 2

Today's weather
Rain, snow and sleet heading east. Section Two, page 25

£4bn spending boom
Consumer spending will receive a boost of at least £4bn this year thanks to windfalls such as maturing Tsees. Page 5

Howard under attack
A former Tory prisons minister joined the criticism of Michael Howard's plans for automatic life sentences. Page 4

Hoddie 5, Robson 0
Chelsea, managed by Glen Hoddie, defeated Bryan Robson's Middlesbrough 5-0 in the Premiership. Sports Section

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Scott leaks 'aimed at limiting government damage'

COLIN BROWN

Senior Labour figures believe leaks of the draft findings of the Scott inquiry accusing a Cabinet minister of misleading Parliament are part of a Government-inspired damage limitation exercise.

The Prime Minister faced renewed pressure from Robin Cook, Labour's Shadow Foreign

Secretary, for the resignation of William Waldegrave, the Chief Secretary to the Treasury, following an extensive leak of the draft report by Lord Justice Scott, who had carried out the investigation into allegations of a ministerial cover-up in the arms-to-Iraq affair.

But Labour believe the leaks are part of a carefully orchestrated campaign to lower the

public's estimation of the Scott inquiry report, before it is published on 15 February. Mr Cook said last night that there had been a campaign of vilification against Lord Justice Scott.

Downing Street said last night the Government would not be conducting a leaks inquiry because the report was the property of Lord Justice Scott.

The Government is due to re-

ceive the final draft of the report on Wednesday, and questions about Mr Waldegrave's future were raised in a lengthy extract leaked yesterday in the *Sunday Times*. However, the leaked 11 pages were of an early draft, copies of which circulated last year, and were reported widely at the time.

Labour suspect that ministers

wish to discount any damage to

Mr Waldegrave before the final report is published. Since the draft was issued, Mr Waldegrave has had the opportunity to correct any factual errors. Mr Major is said by Whitehall insiders to be determined not to sack his ministers, unless the report is so damning that their position becomes untenable. Government sources said that there was strong optimism in Downing

Street that the report would not be as damaging as was feared.

The Attorney General, Sir Nicholas Lyell, who allowed a prosecution to go ahead against directors of Matrix Churchill, although one was working for MI6, is expected to be criticised. "He has extremely high integrity. He will go if he comes out of it badly," said a ministerial source. "William is likely to

fight, if he is criticised but the truth is no-one really knows, because we haven't seen the final version yet," the source added.

Robin Cook said it had been revealed that Mr Waldegrave had signed letters more than a dozen times assuring MPs there had been no change of policy on arms to Iraq, which he knew to be inaccurate.

Democracy at work, page 13

IN BRIEF

Smear warning for Ashdown

The Liberal Democrat leader Paddy Ashdown has been warned that he could be the target of a smear campaign in a court hearing after this week as part of a vendetta against him.

Mr Ashdown, whose car was firebombed next to his home on Friday, has been told the smears could be aired, under the protection of court proceedings, in the case of a 51-year-old Yeovil man accused of a street assault against him in his constituency.

Opponents of Mr Ashdown have warned that his name will be linked to a former massage parlour in the town. It is known that Mr Ashdown emphatically denies the allegations. The MP for Yeovil has been subjected to a campaign of intimidation since confronting racists in the town who have been targeting Asians.

Cold pay-outs reach record £47m

A record £47m has already been paid out in cold weather payments this winter, according to Department of Social Security figures. The sum is more than double the previous highest pay-out of £23m in 1991-92.

The payments, triggered when the average temperature is forecast or recorded at zero degrees or below for seven consecutive days, is available to people on income support including pensioners, the disabled, and families with children under five. More than 5.6 million payments have been made.

Cause or cure?

Taking painkillers may be a major cause of headaches for more than a million people, according to a report in the Consumers' Association magazine *Health Watch*. Dr Timothy Steiner, a clinical physiologist at Charing Cross Hospital, says a condition called chronic daily headache, which affects up to 2 per cent of the population, is linked to excessive use of headache pills. Patients who stopped taking tablets often found the condition cured.

Photographer dies

Brodrick Haldane – "the founder of modern society photography" – has died at the age of 83 in the Western General Hospital, Edinburgh. He was suffering from cancer.

Theatre award

The Royal Court Theatre in London has won £75,000 as the overall winner of the Prudential Awards for the Arts. Winners in the other categories were Jonathan Burrows Group for dance; Unknown Public, for music; Glyndebourne, for opera; Tramway, for visual arts.

Six lottery winners

There were six winners of this week's £9,752,856 National Lottery jackpot. Each gets £1.6m. The winning numbers were 2, 9, 22, 26, 32 and 44, plus bonus 40.

Notorious number

Britain's most risqué car number plate, FU2, is up for sale for the first time in 20 years. Its owner, Hanna Smart – wife of the circus impresario Billy Smart Junior – says: "It's time for somebody else to have the fun." The plate achieved notoriety in the 1970s when it was attached to sex symbol Fiona Richmond's E-type Jaguar.

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BACK ISSUES

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Cabinet warned of IRA hit squads

COLIN BROWN

Chief Political Correspondent

Intelligence and security officers have warned senior Cabinet ministers they will be targets for IRA assassination squads if the Northern Ireland ceasefire breaks down amid fresh fears for the peace process.

Protection of ministerial cars has been upgraded for some ministers who are believed to be on the IRA 'hit list'. The cars, which have bullet-proof windows, have been fitted with sophisticated electronic sensing devices to alert the driver if a bomb has been attached to the underside.

MI5 and anti-terrorist officers in the Royal Ulster Constabulary have warned the Government that the IRA will strike quickly at targets on the mainland, if the ceasefire breaks down. "They have been told it will get very nasty, if the ceasefire ends, and that the targets will be on the mainland," said one Government source.

US Senator George Mitchell, who chaired the commission on decommissioning IRA arms, also expressed fears of a return to violence. He said an IRA splinter group could break the ceasefire and he also put renewed pressure on John Major to end the deadlock by calling all-party talks before the end of this month.

The secret security service warnings were publicly aired by Sir Hugh Annesley, the RUC Chief Constable, who said at the weekend that the bombing campaign would be directed at the mainland, if there is a return to violence. The security and intelligence forces have told ministers that the IRA has an active in Ireland and on the mainland, keeping a watch on possible targets, despite of the ceasefire.

The ceasefire has allowed some security to be relaxed. John Major dodged through busy lanes of traffic in Whitehall last week when he went on foot to a Burns night party at the Banqueting House, a few hundred yards from 10 Downing Street. He was accompanied by bodyguards wearing kilts.

Senator Mitchell said: "It seems clear that not all on the Republican side favour the ceasefire and the potential for some elements to take direct and violent action does remain," he said on BBC TV Breakfast with Frost.

Mr Mitchell, whose commission told the Government that the IRA would not decommission its arms before talks, said all sides should redouble their efforts for peace.

Asked whether the IRA would return to violence, he said: "I think there is a danger of a fracture within that organisation. I hope that is not the case. I do believe that the political parties that are closely associated with the paramilitary organisations on both sides, Republican and Loyalist, are committed to the process.

"That's why I believe it is important to draw them further into the democratic process by getting these negotiations going as soon as possible," Mr Mitchell said.

His warning came after the IRA denied responsibility for a gun attack during which 57 shots were fired at the home of a policeman in County Tyrone.

The IRA issued a coded message in Belfast condemning the "mischievous" claims that it was behind the attack.

The security remain optimistic that the peace will hold, but their fears underline the delicate balance in which the peace process is now held.

Novel attraction: BBC hopes 'Jane Eyre' can repeat 'Pride and Prejudice' hit



Great tradition: Andrew Davies (left) may bring Charlotte Brontë's magic to the BBC; Orson Welles and Joan Fontaine star in the 1944 film Jane Eyre



Brontës next to scale heights of television

MARIANNE MACDONALD

Media Correspondent

The BBC is negotiating with Andrew Davies, the writer of the much successful adaptation of *Pride and Prejudice*, to deliver audiences of 14 million last autumn, to work his magic on Charlotte Brontë's *Jane Eyre*.

His adaptation of Jane Austen's romantic early novel

lette and *The Tenant of Wildfell Hall* during their short and tragic lives.

The Austen revival has been fuelled not only by the BBC production of *Pride and Prejudice* starring Jennifer Ehle and Colin Firth, but also by the Hollywood film of *Sense and Sensibility* adapted by and starring Emma Thompson, which recently won the Golden Globe for best screenplay.

Davies, whose previous credits also include the lavish and critically acclaimed 1994 production of *Middlemarch* for the BBC, as well as the *House of Cards* political trilogy, is also in the frame to write a screenplay of *Jane Eyre* for ITV.

Alan Ayres, the BBC's senior drama spokesman, confirmed the department was in discus-

"But it has not yet been com-

missioned," he added. "We will have to see how much money we have in the spring."

Ironically, BBC Education has been considering an adaptation of the same novel, to be written by Fay Weldon – who adapted *Pride and Prejudice* for the BBC's 1980 production – but this has been shelved, partly because of the potential clash with BBC Serials.

A third Hollywood adaptation of *Jane Eyre* is also said to be underway with a big name cast to be directed by Franco Zeffirelli.

The BBC drama department is not just looking at *Jane Eyre*. Anne Brontë's *The Tenant of Wildfell Hall* is in production, while *Villene*, also by Charlotte, is under consideration.

"Having devoured all of Jane Austen, the sharks are moving on to the next big shoal, which would have to be the Brontës,"

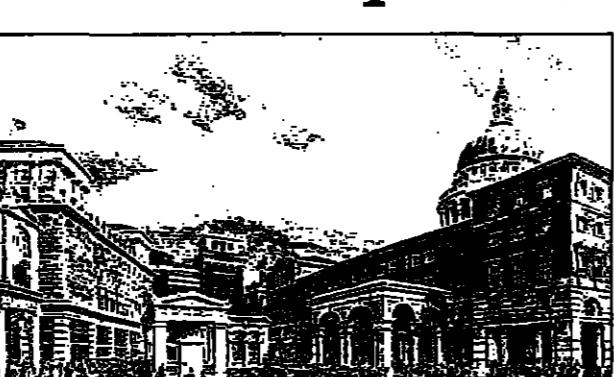
Mr Davies said. "I hope people don't get entirely fed up with classic fiction. The sort of big numbers who watched *Pride and Prejudice* might drop off, but I think there is a solid constituency which really likes the idea."

Jane Eyre is one of those books like *Pride and Prejudice* that is a lot of people's favourite. A lot of girls absolutely adore it, and a lot of women look back on it as one of their peak reading experiences."

Although Austen adaptations were still going strong, Mr Ayres agreed that the Brontës would be next to experience the next surge of popularity.

St Paul's 'needs a square for people'

LOUISE JURY



An artist's impression of the scheme favoured by the Prince

scale may not meet City office requirements. Jonathan Glancy, the *Independent's* architecture correspondent, argued the neo-classical design for the Department of Health in Whitehall looks set to head off those criticisms.

Yesterday, he spoke of the need to combine the demands of City institutions with making the square a fitting place for people visiting St Paul's. "The City desperately needs to get this really shameful bit of the

City sorted out. It is quite extraordinary that it looks like it does next to one of our greatest national monuments. It should be a place rewarding to the City but also a place people fall in love with and where they come and gather." It was not, he said, impossible to combine business with making the square.

He hoped to report back within around three months, but said it was too early to say whether he would be suggesting major alterations. "I have no intention of changing for the sake of changing," he said.

But Sir William did not know whether his recommendations would be final. "If I can achieve a consensus view... I know Mitsubishi would very much like to go forward with it," he said. "The arguments are well-rehearsed. But the various pressure groups may... refuse to see that there might be another way to look at it."

Female firefighter dies in supermarket blaze

STEVE BOGGAN

A female firefighter was killed by falling debris yesterday as she searched for shoppers inside a blazing supermarket.

Fluer Lombard, a single woman in her early twenties, became the first female firefighter to die on duty in Britain when part of the roof of Leo's Supermarket in Staple Hill, north Bristol, collapsed on top of her.

Both were dragged clear by fellow firefighters but Miss Lombard was already dead.

Her colleague was taken to hospital with burns and minor injuries but was allowed home later. It emerged last night that all customers and staff at the store had evacuated, but that was not known to the brigade when it arrived on the scene.

More than 100 firefighters using eight appliances fought for three hours to bring yesterday's fire under control. For several hours, a huge pall of black smoke hung over the northern part of the city.

Avon and Somerset police appealed last night for an elderly couple who raised the alarm at lunchtime to come forward. It is understood they alerted a member of staff to smoke and flames in an area of stacked bags of crisps.

Yesterday's tragedy came just three days after Stephen Griffin, 42, and Kevin Lane, 32, part-time firefighters, died when they went into a blazing house to rescue a child who had already been carried to safety in Blaina, Gwent. Twenty-one firefighters have lost their lives on duty since 1990.

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Star's

Rail fraud 'aimed to help success of sell-off'

CHRISTIAN WOLMAR
Transport Correspondent

The London, Tilbury and Southend line fraud, which has led to the postponement of one of the first British Rail privatisations, involved little more than transporting suitcases full of tickets from one station to another, it was claimed yesterday. It appeared that the alleged scam was not designed to line

the pockets of the perpetrators, but to profit the company which they had created to help ensure the success of privatisation.

According to sources, it is claimed the fraud allegations involved the printing of rail tickets incorporating London Travelcards at Fenchurch Street station, the line's terminus, and selling them at Upminster, one of the line's intermediate stops. Tickets issued at Fenchurch

Street raise more cash for LTS than those issued at Upminster.

Because passengers at Fenchurch Street, which is not connected to the London Underground, are expected to use their tickets mainly for travel on the LTS, London Transport only gets 22 per cent of receipts from Travelcards sold there. But at Upminster, which is on the Tube's District Line, London Transport receives 48 per

cent. The customer would not notice the difference on the ticket, but LTS would retain more of the revenue.

The irregularity was discovered by BR's routine internal audit because the auditors wondered why there was such an upsurge in ticket sales at Fenchurch Street and a drop at Upminster. Investigators were sent in last week and once the extent of the alleged fraud was

discovered, postponement of the franchise was inevitable.

Michael Heseltine, the Deputy Prime Minister, claimed that the affair was a triumph for the new system, but BR insiders claim it was due to the efficiency of its auditing systems.

The allegations have resulted in the resignation of Colin Andrews who was commercial director of both LTS and the new private company, Enter-

prise Rail, which had been due to take over the service yesterday.

In the six weeks of the alleged fraud, it was claimed to have cost London Transport about £45,000 and over a year would have netted LTS about £500,000 – enough to make the difference between profitability and loss for a company with an annual revenue of about £55m and a subsidy of £29m.

Brian Wilson, Labour's transport spokesman, said the franchise process should be restarted: "If it is confirmed that Enterprise Rail would have benefited from this alleged fraud, then there is no way that it should be ever allowed to take on the franchise."

The affair raises questions over the position of management buy-out teams. Buy-out teams have taken over two of the first three franchises and are expected to figure prominently in the next round of four lines due to be privatised in the spring.

One rail insider warned that they could, for instance, artificially depress income in the period running up to privatisation by allowing fare dodgers a free rein and then tighten up procedures once they had taken over the line.

Railways sale: Inauspicious start for private services as enthusiasts stage a boycott and engineering work confuses travellers



Keeping track: Passengers arriving at Waterloo yesterday on the first fully private train. Photograph: Peter Macdiarmid



On the road: Peter Jones drives into history with the first privatised rail service for 50 years. Photograph: Rob Stratton

Lack of passengers blights launch of Stagecoach line

CHRISTIAN WOLMAR

If the fate of the new private operators hangs on their ability to forecast demand, Stagecoach, the bus company which yesterday took over the running of South West Trains, failed miserably. Anticipating huge interest from anorak-wearing train spotters – or grifters as they are known – the company doubled the length of its 5.10am service from Twickenham yesterday because it was the first private service for 50 years.

But the grifters who mostly dislike privatisation, staged a boycott leaving most of the 550 seats empty. Discounting the hundred or so journalists, politicians and public relations there were only nine genuine passengers on the train during its 38 minute trundle to Waterloo. And one of those was a fare dodger who slunk on at Clapham Junction expecting the normal lack of staff but found himself facing half a dozen "revenue protection

officers" in their best uniform. They promptly charged him £10, but like most fare dodgers, he did not have the money and therefore they merely took down his name and address leaving Stagecoach with its first debt collection problem.

There seemed to be no one with a good word to say about privatisation among the fare-paying passengers. One, Dave West, warned darkly about "cuts in train services and higher fares". Another, John Bird, a member of the Branch Line Society, said it might work but then decided he had been too positive about privatisation and added: "Who knows."

One of the few passengers who was actually using the train for a real journey became the first privatised cycle passenger when he wheeled his much-patched racer onto the train. Peter Field, managing director of South West Trains confirmed it would have only a dozen or so passengers.

But because of legal and accounting complications, the transfer had to take place at two in the morning. Apart from the now famous bus replacement service from Fishguard on the Great Western Railway and another nondescript service

which left Waterloo at 1am yesterday and transferred into a bus service at Eastleigh at 2.52am, the Twickenham 5.10am was the first fully private train service and had the great advantage of not being a next train.

The 5.10am from Twickenham was not the train that ministers would have chosen for what they have been telling us all week was a "historic moment". Even on a good day, Peter Field, managing director of South West Trains confirmed it would have only a dozen or so passengers.

Whether the 5.10am thrives in the private sector remains to be seen since under the terms of its contract with the rail franchising director, Stagecoach is not obliged to provide the train. It merely has to bring the first Sunday train into Waterloo by 8am and with so few passengers ever using it its future must be in doubt.

which left Waterloo at 1am yesterday and transferred into a bus service at Eastleigh at 2.52am. The Twickenham 5.10am was the first fully private train service and had the great advantage of not being a next train.

Throughout the week, the Department of Transport spin doctors had refused to say whether a minister would be on the train but they had quickly whisked up Sir George Young, the Secretary of State for Transport, because of the public relations disaster created by the postponement of the London, Tilbury and Southend privatisation because of fraud investigations.

Whether the 5.10am thrives in the private sector remains to be seen since under the terms of its contract with the rail franchising director, Stagecoach is not obliged to provide the train. It merely has to bring the first Sunday train into Waterloo by 8am and with so few passengers ever using it its future must be in doubt.

MICHAEL PRESTAGE

The defining moment of rail privatisation was to have taken place 10 minutes after the 5.10am Fishguard-to-Paddington service had started off. But old habits die hard for British Rail. The historic changeover happened just as the late incoming service entered the harbour, where passengers from the Irish ferry were waiting.

The fact that the first private train for 50 years was also a bus had already embarrassed new owner, Great Western Trains. Engineering works meant the first passengers travelled by bus as far as Cardiff.

Officials needed to find a time to transfer the first three passenger rail franchises to the private sector and decided on 2am on Sunday, when they believed, no trains were operating. But they overlooked the Fishguard service. And so it was that waiting for the bus on a chill night was a small media bungle.

The first to board was a stag party from Whitland, Dyfed.



Novel ride: Writer John Seymour. Photograph: Rob Stratton

who had taken the ferry to Rosslyn and back to celebrate.

The bridegroom-to-be, daubed head to foot in black shoe polish, was beyond noticing on Sunday, when they believed, no trains were operating. But they overlooked the Fishguard service. And so it was that waiting for the bus on a chill night was a small media bungle.

The first to board was a stag party from Whitland, Dyfed.

and an accident were put forward as excuses. Next time I come I'm going to fly."

The bus driver had no strong views about privatisation and the 2am changeover passed unnoticed by the handful of passengers travelling to Fishguard.

"All I know is that I'm driving the bus today and if I haven't won the lottery I will still be driving it tomorrow." By the time the bus reached Cardiff at 5.2am the press outnumbered passengers, the driver having made an unscheduled stop at Whitland to allow the stag party to disembark.

A guard awaited the train arrival still wearing his British Rail issue uniform. The new forest green jacket and grey trousers that will identify him as a Great Western Trains staff member had not yet been given out. He was unenthusiastic about the change of owner. "It's a different zoo keeper, that's all. We weren't given any information at the station at all," he said. "Nobody seemed to know why there was no train: everything from privatisation, work on the line to answer for."

First privatised train turns out to be a late-running bus

Terminal journey to earth for Chinese spy satellite

CHARLES ARTHUR
Science Correspondent

China's FSW1 satellite is due to hit the Earth sometime in the next four weeks, after becoming the source of considerable embarrassment to its makers during the two years since it was launched.

Designed to carry out a series of experiments in the low-gravity conditions 100 miles in orbit – and also, say unofficial sources, to take spy photographs of enemies' military installations – the FSW1 is in a "decaying" orbit, out of control, after its rockets misfired early in its mission and altered its orbit from a stable, circular one to an unstable, elliptical one.

"We have known for nearly two years that it was going to come down," said Richard Tremayne-Smith, of the British National Space Centre, yester-

day. "And we knew it was going to come down out of control."

The satellite, which does not contain any nuclear materials, is being tracked by at least five organisations – the Defence Research Agency in Farnborough, Hampshire, the US Space Command in Colorado, the European Space Agency in Darmstadt, Germany, and by the Russian and Chinese space agencies. But none is able to say for sure where it will finally crash, because the rate of decay of the orbit depends on the thickness of the Earth's atmosphere. Friction with the atmosphere slows the satellite, allowing gravity to pull it downwards. But precise calculations are impossible for an object travelling at 18,000 mph, in an orbit which makes it wander over every point on the globe between 56 degrees north and 56 degrees south.

Space junk is an increasing hazard for spacecraft. According to NASA estimates, there are at least 7,000 "substantial" objects such as satellites in low earth orbits. But almost all are either in stable orbits, or designed so that if they fall to Earth they will be vapourised by the tremendous heat generated on re-entry to the atmosphere.

NASA maintains an electronic newsletter, called *Spacewatch*, to alert the authorities about satellites and rocket frag-

Where the satellite could fall



ments expected to fall to Earth. FSW1 is unusual in that it is designed to withstand re-entry, because the Chinese wanted its onboard films and experimental equipment. The only other large man-made items that have hit Earth have been Russian and American satellites, including

the US space station Skylab, parts of which landed in a remote part of the Western Australian outback in July 1979. Most of its 850 tons burnt up on re-entry. Last month, an experimental Russian moon landing vehicle fell into the Pacific Ocean after 20 years in orbit.

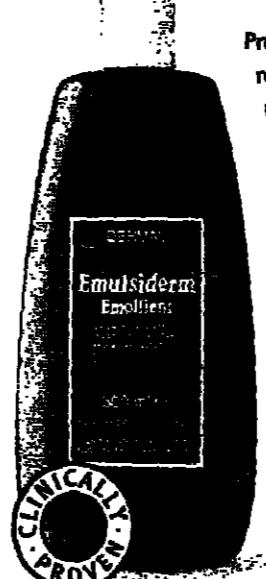
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Star's food taster more than just a fad

A school for butlers in London has found a food-taster for an American superstar worried about possible threats to his life.

The anonymous star asked the Ivor Spencer International School for Butler Administrators to hire him a full-time food taster who must be able to travel with him worldwide, tasting everything from take-away

hamburgers to banquets. School chief Ivor Spencer said he spent several weeks looking until, while at a wedding in Beirut, he got talking to a chef who knew of an American-Libyan man who worked for five years as a food-taster in the Middle East.

He contacted the man, who has been living in the United

States, and speaks five languages. He starts work for the superstar this week.

Mr Spencer said of the job: "You are the kitchen's most of the time. When they go to a restaurant, he has to agree the food taster can stay in the kitchen watching the preparation of the food."

"Then I understand he must

follow the waiter with the actual dish from the moment the chef puts the food on the plate. He tastes downstairs before it goes up."

As well as tasting food at any event the star attends, the food-taster also samples everything dished up at home.

Mr Spencer said he could not disclose the star's name, but said

Senior Tories attack Howard's jail plans

STEPHEN WARD
Legal Correspondent

A former Conservative prisons minister yesterday joined the growing chorus of criticism of Michael Howard's plans for automatic life sentences for habitual violent criminals and rapists.

Sir Peter Lloyd, a former junior minister at the Home Office, dismissed the plan to give life sentences to repeat offenders whether they posed a continuing threat to society or not as "cumbersome". He said it would be better to introduce new medical or judicial grounds to hold inmates who still posed a threat at the end of the sentences.

He said of Mr Howard: "I don't think he has convinced the judiciary or myself yet that his approach for dealing with this point is the right one... I'm not convinced there is a need for a

mandatory, automatic life sentence for the second offence to catch the comparatively few cases that I think need to be caught."

"What is needed is a judicial-cum-medical mechanism by which they can be held until they are no longer seen as a special risk. That's what we ought to be debating - how we can ensure we don't release back into the community criminals who are still very violent and are almost certainly going to commit a violent crime again."

Last week, a High Court judge, Lord Justice Rose, warned that rapists would be more likely to kill their victims if the sentence was the same for rape as for murder.

Mr Howard also came under fire yesterday from Lord Hailsham, the former Lord Chancellor, who signalled growing opposition in the House of Lords to Mr Howard's pro-

posed minimum sentences for habitual criminals.

Lord Hailsham, 88, chairman of the Tory party under Harold Macmillan, and Lord Chancellor under both Edward Heath and Margaret Thatcher, said during a television interview on GMTV: "One shouldn't, if one is Home Secretary, seek to impose one's views either on colleagues or on the legislature."

He went on: "This business about mandatory sentences must be held in very grave suspicion."

Lord Hailsham has already attacked Mr Howard's plans to reduce judicial discretion on sentencing, announced at last year's party conference, but the fact that he has chosen deliberately to re-state his annoyance in a recorded television interview shows that opposition is hardened rather than weakened as Mr Howard must have hoped.

Mr Howard, though, made it clear in a speech at the weekend that he is intending to press ahead with his White Paper unchanged, despite the opposition.

He met senior judges and others on Saturday under the forum of the Criminal Justice Consultative Committee and had what he described as a "very vigorous" exchange behind closed doors.

He said after the meeting: "I have not heard any arguments which have persuaded me my original arguments were wrong. Some of the judges have views which are different from mine but these decisions are for those who are accountable to Parliament and the public."

Three of the most senior judges, Lord Donaldson, a former Master of the Rolls, Lord Ackner, a retired Law Lord, and Lord Taylor of Gosforth, the Lord Chief Justice, have already publicly attacked the proposals.



In worship: Mr Woo at Holy Trinity, Dalston, east London, for the annual Clown Service yesterday. Photograph: Martin Godwin

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Storm gathers over £17m 'train to the heavens'

JOHN ARLIDGE

The bitter battle between skiers and environmentalists over plans to build a funicular railway in the Cairngorm Mountains is due to reach a climax this week as the Government's environmental watchdog and the Highland Regional Council prepare to deliver their verdict.

Councillors and members of Scottish Natural Heritage (SNH) meet this week to discuss the scheme, which was unveiled three years ago by the Cairngorm Chairlift Company. The firm, which runs the Aviemore ski centre, wants to build Scotland's first mountain railway to attract more skiers and summer tourists to Britain's highest peaks. Managers argue that the project will create up to 60 new jobs in the Strath Spey area and inject £10m into the fragile Highland economy. Without it, the loss-making Aviemore resort could be forced to close.

But SNH, the statutory body which advises ministers on environmental issues north of the border, has lodged formal planning objections. Members fear the £17m scheme will encourage so many people to take to the hills that the fragile 4,000ft Cairngorm plateau will suffer irreparable damage. Ramblers, mountaineers and the Royal Society for the Protection of Birds also oppose the project.

Anxious to overcome the objections, the Cairngorm Chairlift Company has revised its plans. The final draft, sent to SNH three weeks ago, proposes to limit the size of the mountain-top visitor centre and to introduce a ranger service. Tim Whitemore, the company's chief executive, argues that even though the one-and-a-quarter mile railway is designed to carry 500 people every hour, the ranger system will ensure they do not trample the sensitive alpine vegetation of the world heritage site or endanger the nesting sites of rare birds like the dotterel and the ptarmigan.

Observers expect the SNH to reverse its decision and approve the project tomorrow. Whatever the decision, ramblers and mountaineers will call on Michael Forsyth, Secretary of State for Scotland, to order a public inquiry into the development. Robin Campbell, president of the Scottish Mountaineering Club, described the railway as an "intrusion into Britain's last great wilderness... a crowning aesthetic abomination."

Even if Mr Forsyth refuses an inquiry, the RSPB, which owns 32,000 acres in the Cairngorms, says it will challenge the project in the European Court of Justice. For Highlanders, the "train to the heavens" looks set for a long delay.

Granite cathedrals, page 13

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Consumer outlook: Maturing Tessa and building society flotation set to increase sales of cars and other 'big ticket' items

Windfalls give £4bn boost to high street

DIANE COYLE
Economics Correspondent

Consumer spending will receive a boost of at least £4bn this year thanks to windfalls such as maturing Tessa and free shares when building societies join the stock market.

Even if people spend only a modest portion of these one-off gains they will have a big impact on the economy, according to a report published today by Business Strategies. The consultancy - whose chief econo-

Summary of windfall gains to consumer, 1996 & 1997

	1996	1997
Electricity rebate	£1bn	
TESSA Capital	£2.5bn	
ABL	£2.5bn	
TESSA Interest	£2.5bn	
Abbey National/M&P	£1bn	
Total for 1996	£7.5bn	
Halifax/Leeds	£10bn	
Woolwich	£500m	
TESSA Capital	£12bn	
TESSA Interest	£14bn	
Total for 1997	£25bn	

mist, Bridget Rosewell, has just become one of the Treasury's six independent advisers - is saying growth will pick up this year thanks to a consumer spree.

The windfalls consumers will receive this year and next add up to about £50bn. They include electricity rebates to customers, free shares from the flotation of several building societies and the principal and interest on the first Tessa - tax-free savings schemes.

"Most people will be receiving some lump-sum income during the course of the next two years. What they decide to

do with this money will make a noticeable difference to Britain's economic performance," David Fell, a director of Business Strategies, said.

On the cautious assumption that about one-fifth of the money is spent in each year and the rest saved, the group predicts that the economy will grow by 2.8 per cent this year. This makes it almost as optimistic as the Treasury, which was criticised by many economists for its Budget forecast.

The critics are starting to change their minds. There are several reasons for thinking windfall receipts will be spent rather than invested.

Consumer confidence has steadily improved during the past 12 months and is at its highest level since the recession.

Surveys also show that the proportion of consumers planning to spend more on "big ticket" items such as cars and household goods has overtaken the proportion planning to spend less. And more think it is an unfavourable time to save because of low interest rates.

There is already evidence that part of the £1.8bn in free shares from Lloyds Bank's merger with the Cheltenham & Gloucester building society last August has been spent. Savings dipped sharply in the months after receipt of the shares.

"Even if we are not sure how much will be spent, we can be more confident about what it will be spent on," Mr Fell said.

He said the increase in spending would be greatest in regions where confidence about household finances has improved the most during the past year. These are Scotland and the West Midlands, followed by Wales, the North-west, and Yorkshire and Humberside. In the South-east



Spending spree: Growing numbers of economists believe that people will spend rather than invest lump sums in the next two years

Sands run out for lowland lizards

NICHOLAS SCHOON
Environment Correspondent

The sand lizard takes its name from its habitat. In midsummer, females dig a shallow burrow in a patch of open, sunny sand and lay about eight eggs which hatch two months later. At this time of year, the lizards are underground and dormant. They will not emerge until March or April. A mild winter does not suit them because it makes them wake too early, leaving them vulnerable to damp.

Once widespread among lowland heaths and coastal dunes, they are down to about 6,000 breeding adults scattered among more than 100 colonies. Most are in the remaining Dorset heathlands, with a few



The sand lizard: Down to 6,000 breeding adults

DAILY POEM

Song

By William Blake

My silks and fine array,
My smiles and languish'd air;
By love are driv'n away;
And mournful lean Despair
Brings me yew to deck my grave;
Such end true lovers have.

His face is fair as heavn',
When springing buds unfold;
O why to him was'nt giv'n,
Whose heart is wint'ry cold?
His breast is love's all worship'd tomb,
Where all love's pilgrims come.

Bring me an axe and spade,
Bring me a winding sheet;
When I my grave have made,
Let winds and tempests beat;
Then down I'll lie, as cold as clay;
True love doth pass away!

This poem is taken from the *Rowledge Anthology of Cross-Genre Verse*, an entertaining journey through six centuries of poems - from Chaucer to Seamus Heaney - writing in the voice of the opposite sex. The great charm of the collection lies in the mix and mingles: the preoccupation of Blake's love-lorn maidens with winding sheets and graves belongs to a male literary tradition all of its own, with its roots in a medieval courtly love tradition of wasted women and broken hearts. More authentic is W H Auden's haunting and salty "Miranda".

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Conservative exodus: One Nation members fear shift to right as more than 50 MPs decide to stand down at next election

Disillusion and Nolan fuel Tory 'clear-out'



PATRICIA WYNNE DAVIES
Political Correspondent

Jack Aspinwall (Wansdyke); aged 63; majority 3,342: "I have been advised to retire [due to illness last year]."



Kenneth Baker (Mole Valley); 60; maj 15,950: "The time has come to focus more upon developing my non-political interests."



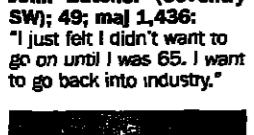
Robert Banks (Harrowgate); 58; maj 12,589: Faced near-certain deselection and decided not to put forward his name.



John Biffen (Shropshire N); 65; maj 16,211: "I thought it was better to go 5 minutes too soon instead of 5 years too late."



Michael Allison (Selby); 69; maj 9,508: "I was around about 65 at the last general election and I thought I'd do one more, so to speak. I'll have done 32 years in total. It doesn't make sense to go on in committed full-time work over the age of 70. It could be a year or 18 months away from a general election so one can't take any definitive view about how it's going to look then. I think the Conservative Party is doing marvellously. It's full of beans and full of optimism and hope having been in power since 1979. It's amazing."



John Butcher (Coventry SW); 59; maj 2,049: "I just felt I didn't want to go on until I was 65. I want to go back into industry."



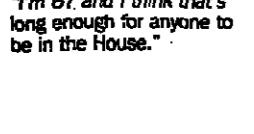
Tim Eggar (Enfield N); 44; maj 8,430: "I'm leaving because I want to pursue another full-time career."



David Harris (St Ives); 64; maj 1,645: "The time has come to hand over to a younger person for the election."



Sir Kenneth Carlisle (Lincoln); 54; maj 2,049: Runs a farm in Bury St Edmunds, Suffolk.



Paul Channon (Southend W); 59; maj 11,902: An MP for 37 years. Chairman of Finance and Transport Select Committees.



Sir Anthony Duran (Reading W); 67; maj 13,298: "I'm 67 and I think that's long enough for anyone to be in the House."

cluding David Howell, chairman of the foreign affairs select committee, announce that they would be standing down.

They were joined last week by Tim Eggar, an experienced Department of Trade and Industry minister whose intended exit shook the party. If the current trend continues, the party will lose, at the least, about 65 MPs by the time of a spring 1997 election and probably many more.

Advancing age and the belief that they should give way to younger members is the official reason advanced by many. But the scale of the departures compares starkly with the numbers standing

down at the close of previous parliaments - 43 at the 1987 election, 34 in 1983, 24 in 1979 and just 14 in 1974.

Some MPs have not attempted to hide their disillusionment with the Westminster system, the impact of the Nolan committee recommendations on MPs' conduct, which are likely to significantly dent their outside earnings, and Government policy. Mr Howell, for example, criticised the Government for allowing British foreign policy to go "off the rails" because of the Tory party obsession with Europe.

The outgoing Ashford MP, Sir Keith Speed, was an outspoken

critic of Post Office privatisation. Although he made his decision to retire on age grounds some time ago, he has since warned the Government that rail privatisation will be a vote loser unless it forces the private sector to make clear investment pledges.

Others cannot face the dispiriting task of fighting a marginal or joining the "chicken run" because their seat is disappearing. Last, but quite likely a decisive factor in the minds of many, is the dispiriting prospect of life in opposition.

The prospect of a peerage in John Major's dissolution or resignation honours list, the possible

reward for former ministers such as Douglas Hurd, John Biffen, Kenneth Baker, Michael Jopling and Tim Renton, is infinitely more attractive.

Money is also a spur. Steven Norris, the transport minister, survived revelations about his love life only to announce at just 50 that he would be standing down. "The recession was not kind to my business and at my age I am very keen to rebuild it," he said.

But it is the Nolan constraints on lobbying and consultancy and the rule on disclosure of parliamentary-related outside earnings that have proved the last straw for many.

The wife of one Tory grandee said: "I think Nolan has a lot to do with it ... You feel everything is going to be under scrutiny."

One Nation Tories who fear their party has already lurchered to the right are apprehensive that their benches in the next parliament will be filled with careerists and right-wingers.

As Robert Hicks, the outgoing MP for Cornwall South East, put it: "Undoubtedly there is a new type of Member of Parliament on the Conservative side. They are products, if you like, of Thatcherism, more aggressive, and there is also an arrogance which does not appeal to me."



Sir James Spicer (Dorset W); 70; maj 8,010: "I wish I wasn't retiring - I think the next election is to be the best fun ... ever."



Patrick Thorneycroft (Norwich N); 59; maj 265: "I have enjoyed my 14 years but it is time to hand over to someone younger."



Peter Thurnhau (Bolton NE); 57; maj 185: MP since 1983. Founder of the Conservative Disability Group.



Neville Trotter (Finsbury); 63; maj 597: "I always said I would retire at 60 and that time has come."



Sir Giles Shaw (Pudsey); 64; maj 8,972: "It is quite right and appropriate to give way to a younger person."



George Walden (Buckingham); 55; maj 19,791: "I am not prepared to continue sweet-talking the public like infants."



Roger Sims (Chelmsford); 65; maj 15,276: "The Government's standing is not a factor; I just feel I've done my stint."



Sir Jerry Vaughan (Weston-super-Mare); 58; maj 11,612: "I think the Government is getting too enmeshed in Europe."



Mark Wolfson (Sevenoaks); 61; maj 19,184: "If I was still in business I would have retired a year ago."

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Peace in Bosnia: Enemies hand over territory on time but Sarajevo suburbs remain a stumbling-block



Street power: Bosnian Serb police patrol the Sarajevo suburb of Ilidza yesterday after being given permission to remain for a few more weeks. Photograph: Jacqueline Arzt/AP

Serbs stretch land-swap deadline

EMMA DAILY
Tuzla

Bosnia's competing armies passed the latest Western peace test at the weekend, pulling out 1,500 square kilometres of territory to be handed over to the enemy under the Dayton peace plan.

But in the most contentious areas to change hands – five Serb-held suburbs of Sarajevo due to revert to government rule – Bosnian ministers disputed the decisions of the international civilian chief, Carl Bildt, to al-

low Serb police to remain after the 3 February deadline to still the fears of Serbs in the area.

Hasan Muratovic, the Prime Minister, yesterday grudgingly accepted the continued presence of Serb police in the suburbs for a few more weeks, provided they were disarmed. Nato sources said the government would give Mr Bildt a breathing space to draw up a time-table for the transition to full Bosnian control, which comes into effect on 19 March.

Under the Dayton plan, all "forces" were to have with-

drawn from the "areas of transition" – such as the suburbs – by 3 February. Mr Bildt and Nato's Implementation Force (I-For) have interpreted "forces" as strictly military – which means the Bosnian government, which has nominal control of the areas, could also introduce occupation. Thus far they have chosen not to make a move that would cause chaos and, potentially, a renewal of conflict.

Since being defeated at Dayton, the Bosnian Serb leadership has fought to keep Sarajevo divided by inflaming the fears of

Serb residents and threatening armed uprisings. It is alleged that they have dressed Serb soldiers as policemen, and ordered a senior Sarajevo Serb official to boycott a meeting of the police issue. The government fears that Mr Bildt's decision will encourage such tactics.

In the face of government protests, I-For agreed to increase its presence in the five suburbs. Security for Serbs, and others returning home across the former front line, is to be guaranteed by I-For troops and officers of the International

Police Task Force. However, fewer than 300 of the 1,600 foreign policemen promised have arrived in Bosnia, and only half are stationed in Sarajevo.

The international police are unarmed, have no right to make arrests or investigate cases, and patrol only in daylight hours. Terrified that the line between the military and civilian aspects of the Dayton accords will blur, I-For emphatically does not want to plug the gap.

Elsewhere in Bosnia I-For's task of monitoring compliance with the deadline has been eas-

ier. The largest chunk of territory to change hands was "the anvil", which came under Serb control. This area in central Bosnia is almost depopulated, save for a Croatian village where the residents were debating whether to stay or leave. Most other non-Serbs had departed. In Nezuk, near Tuzla, Muslim villagers met on Saturday to consider their fate, loath to live with the Serbs they spent four years fending off. They complained that I-For troops could not guarantee their safety, but concluded they had no choice but to stay.

Rifkind pushes for freer trade with America

MICHAEL SHERIDAN
Diplomatic Editor

The Foreign Secretary, Malcolm Rifkind, will claim tomorrow that Britain is "forcing the pace in Europe" for free trade with the United States, and he will demand new moves for economic liberalisation across the Atlantic.

In a speech to be delivered in London, Mr Rifkind will place Britain at the radical end of European policy towards free trade. His message will be unwelcome to significant European partners like France, whose leaders and electorates remain unconvinced of the blessings of *laissez-faire* trade policies.

The speech will cautiously locate Mr Rifkind's thinking towards those on the Tory right who urge the creation of a deregulated, offshore Britain competing in the global market alongside the economic "tigers" of Asia.

Echoing the style of John Redwood, the Foreign Secretary will preach the message that "economic liberalisation begins at home" and praise the Conservative government's moves to cut taxes on business, reduce non-wage labour costs and privatisate state industries.

According to a draft of his text, Mr Rifkind will acknowledge that "the seductive arguments for protectionism will not go away". They will say that I-For troops could not guarantee their safety, but concluded they had no choice but to stay.

The Foreign Secretary has made transatlantic co-operation an important theme of his term in office and this will be his second keynote speech on the subject.

Mr Rifkind is to select three target areas for British lobbying. He wants to see cuts in specific tariffs in the US and Europe that can amount to 48 per cent on footwear, 32 per cent on clothing and 25 per cent on trucks. He will advocate Early Mutual Recognition Agreements to cut barriers imposed by local standards and regulations. He will also criticise "Buy America" legislation in the US which shuts European companies out of parts of the \$900bn (£588bn) transatlantic public-procurement market.

In a bilateral context, the Foreign Secretary also will issue a call for Britain and the US to resume talks on an air-services agreement between them, adopting the basis of the last British offer. The negotiations broke down last year.

Mr Rifkind says Britain wants to see progress by the European Union on measures to reduce tariffs and open up public procurement agreed at the EU-US summit in Madrid last year. He will call for "new political will" to reform the Common Agricultural Policy.

Mr Rifkind will add that the Italian presidency of the EU should accelerate talks on free trade with Canada and Mexico, a prospect that probably will seem unpalatable to the southern Europeans.

Shell-shocked Eurosceptics get the dry facts on lowly molluscs

SARAH HELM
Brussels

As Tory Eurosceptics commence their campaign for the next election, it is no coincidence that tales poking fun at Brussels have started to appear in the British press. The most successful Euro-myth doing the rounds is a report suggesting that the European Union's animal-welfare rules should apply to shellfish.

"Mussels must be given rest breaks and oysters given stress-relieving showers during trans-

portation," said a report in the *Daily Telegraph* last week, citing a European Union directive. Ho, ho, ho, chorused Eurosceptics. "Silly old Brussels."

If the story is true, the Eu-

ropean Commission's rules are patently absurd. At the weekend, however, Commission officials were still adamantly denying the report, condemning it as little but a smear by Eurosceptics. So where did the

report come from? Who spread it, and why?

There is, indeed, a Brussels directive, agreed in 1991, on animal welfare, which sets out regulations for animal transport.

The rules say all cold-blooded

beasts must be regularly watered and rested.

The directive was introduced largely to safeguard

against cruelty to livestock, but

was widely drawn and a casual

glance might suggest it is ap-

plicable to all forms of animal

life – including shellfish. The

annexes are particularly loosely

drafted. However, there is a

"inappropriate". The resting and feeding rules now will apply only to "domestic solidpeds". The measures should only be applied "where appropriate to the species concerned".

It is clear that the Commission intended national governments, when adapting their laws in line with EU directives, to use common sense.

Should there ever have been

any doubt about the application

of the law, a new directive is be-

ing introduced that will close the

loopholes, specifically excluding

shellfish and other species for

which the measures would be

inappropriate". The resting and feeding rules now will apply only to "domestic solidpeds". The measures should only be applied "where appropriate to the species concerned".

Inquiries reveal that the shellfish story resulted from remarks by none other than Angela Browning, a junior British agriculture minister. She let it be known to sympathetic ears in Westminster that if it had not been for the British government the Brussels bureaucrats would have happily applied their welfare rules to every species un-

der the sun. It was only because

of British insistence that the rules were tightened. Ms Browning asserted: "What is appropriate for transporting sheep is very different from what is appropriate for transporting mussels," she observed – as if the Brussels bureaucrats needed her to tell them that.

This was enough for John Whittingdale, Tory MP for Colchester South and Maldon (home of many shellfish pro-

ducers) to put out a press re-

lease on the issue. The legisla-

tion was dreamt up by

"unthinking bureaucrats" and will "threaten the livelihood of large numbers of people", he said. As Commission officials struggled to be heard, his words were widely reported.

What the minister never ac-

knowledged was that Brussels had no intention of applying its livestock rules to shellfish. At

worst, there may have been

some casual drafting in the

original directive. But Ms Browning never quoted the

"where appropriate" clause.

The biggest danger present-

ed by the directive, as Ms

Browning well knew, was that, without detailed clarification, some daft bureaucrat in Whitehall would start applying the Euro law too vigorously to everything from shrimps to swordfish, making a mockery (deliberately, some might say) of the whole thing.

The minister also failed to re-

mind people that it was the

British government – under

pressure from the animal wel-

fare lobby in Britain – that

pushed hardest of all EU mem-

ber-states for the animal-welfare

rules in the first place.

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Quake wrecks China's remote tourist jewel

TERESA POOLE
Peking

The picturesque town of Lijiang in south-west China, featured two years ago in the acclaimed Channel 4 series *Beyond the Clouds*, has been hit by the country's deadliest earthquake in eight years, killing more than 240 people, injuring 14,000 and destroying thousands of homes.

Last night hundreds of thousands of homeless victims were sleeping in the open in freezing weather for a second night, jolted by aftershocks. The Chinese Red Cross appealed for international aid. The quake, measuring 7 on the open-ended Richter scale, struck the remote region of Yunnan province on Saturday night when many people were at home eating dinner.

Lijiang, which is the centre of the 275,000 Naxi minority people, was close to the epicentre of the earthquake. The nearby town of Zhongdian, capital of the Diqing Tibetan Autonomous Region, was also badly hit, and last night was cut off from the

outside world, the official Xinhua news agency said.

The quake is the second major disaster to hit China within days. Last week at least 120 people were killed when an illegal cache of dynamite blew up in the basement of a five-storey apartment building, wiping out a street in a suburb of Shaoxing city, in Hunan province.

The authorities at the weekend named a laid-off worker, He Geng, who they said had stored 28 tons of dynamite in the basement after receiving it in lieu of a debt. Mr He was said to have been running an illegal explosives firm, probably selling dynamite to private coal-mining operators.

In Lijiang and the surrounding rural areas yesterday, 2,000 soldiers and teams of doctors were searching the rubble and trying to reach remote mountainous villages. As well as Naxi, the region is home to several other minority nationalities including Yi, Musuo, Pumi and Lisu.

Lijiang is divided between a



Survivors' misery: Some of the hundreds of thousands left homeless by the earthquake, which struck south-west China on Saturday night

Teenage tycoon earns a place in German legend

IMRE KARACS
Bonn

In a land where conformity is a virtue and life is reduced to a steady progression along a carefully mapped-out career path, Lars Windhorst is something of a prophet. Even the German business press, enthralled by the wunderkind's fabulous talent for making money, cannot resist a few jibes. "Barbie doll in a pin-stripe suit", was how one magazine described the 19-year-old tycoon who has turned his father's garage into the nerve centre of a global empire.

But among his peers in German industry, the teenager is a living legend. Myths abound of the boy who perused the stock market reports instead of comics at junior school. By 10



Windhorst: Wunderkind

he is said to have started dabbling in shares, at 14 he began tinkering with computers. Soon he was writing software and building computers in the family home in the small town of Radebeul in northern Germany.

That was when he discovered the limitations of the domestic industry and globalised his operations. When he was 15 he flew to China to buy cheap computer components, which were then assembled by his schoolmates and sold in his father's stationery shop. A year later he dropped out of school and went into business with a Chinese entrepreneur based in Germany.

At first the local banks refused him credit. His father had

LOCAL HEROES : 2

to persuade bank managers that Lars was a serious proposition, and had to sign all the cheques, a task forbidden under German law to those under 18.

Despite the credit squeeze and all the bureaucratic hurdles, the cottage industry mushroomed within three years into a worldwide concern, with offices in New York and Hong Kong, interests in real estate, computers, advertising and business consultancy, and an annual turnover of DM250m. The Windhorst empire's centre is now shifting from Radebeul to the Far East. In Vietnam, there are plans in Ho Chi Minh City for a 55-storey Windhorst Tower, destined to be the emblem of this "one-man economic miracle" — as he is described in the Hong Kong press.

His knowledge of the Far East scene has earned him guru status, so much so that when Chancellor Helmut Kohl recently toured the region, Lars was the leading luminary in a government delegation packed with captains of industry. He is the sort of young entrepreneur Germany needs, Mr Kohl said: "Eighteen, nineteen-year-olds who don't count on their pensions, but follow their dreams, take risks and go out into the world."

The Chancellor and the German business world are expecting great deeds from their teenage entrepreneur. This week he is due to meet Bill Gates, the founder of Microsoft, who had the monopoly on pre-occidental capitalism before Mr Windhorst came on the scene. There is talk of a link-up between the two, provoking jibes from the press about the dawn of a "nerds' world".

Whether German youth would emulate him, as Mr Kohl hopes, is doubtful. Mr Windhorst's social skills with people of his own age seem somewhat limited and, it is rumoured, he dilutes his beer with Coke.

IN BRIEF

German states object to tax cut

Frankfurt — The German government's plans to lower the unpopular "solidarity tax" ran into trouble at the weekend when the heads of all 16 German states objected to finding the cash to plug the gap. The government said last week that it wanted to cut the tax — a surcharge on income tax to finance reconstruction in eastern Germany — to 5.5 per cent in mid-1997 from 7.5 per cent. The states, it suggested, should provide three-quarters of the expected DM4bn (£1.8bn) shortfall in revenue. *Reuters*

Rioting soldiers promised pay rise

Conakry — President Lansana Conte of Guinea took over as defence minister yesterday in an effort to calm rioting soldiers who killed at least 30 people over the weekend. In a speech read on state radio, Mr Conte told the soldiers they would get a pay increase in March and promised them better food rations. *AP*

Tajik leader tries to placate rebels

Dushanbe — Desperate to avoid civil war, Tajikistan's leader sacked officials to placate rebels trying to advance on the capital from two sides. President Emomali Rahmonov dismissed his first deputy prime minister, chief of staff and the leader of a southern region. *AP*

Bomb suspect arrives at Jeddah

Dubai — A Saudi national wanted for the 13 November bombing of a US-run military training centre in Riyadh, in which seven people were killed, has arrived at the Saudi port of Jeddah after being deported by Pakistan on Thursday, officials said. Five Americans and two Indians were killed in the explosion. *Reuters*

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Stricken Ronald Reagan will miss his 85th birthday party

TIM CORNWELL
Los Angeles

When the legendary Chasen's Restaurant, a symbol of the old Hollywood mystique, reopens briefly tomorrow for Ronald Reagan's 85th birthday party, his favourite food - chicken pot pie and a coconut-chocolate ice cream concoction - will be on the menu. Assorted Hollywood old-timers and Washington

politicians will be there. But not the former president: a year ago he announced he had Alzheimer's disease and has made no public appearance since.

Nancy Reagan will represent her husband at the party, a \$1,000-a-plate (£660) fundraiser for the Reagan Presidential Foundation, in the restaurant where he proposed to her when they were both young actors.

Although he goes to his Los Angeles office regularly, plays golf and chops wood on his ranch, Mr Reagan sees few people outside a close family circle. It is in his office that he relates best to the outside world and seems most positive, associates say. At other times he suffers memory lapses, failing to recognise close friends and familiar places.

Though the family have

wrapped a cocoon of privacy around him, there are occasional sad glimpses. In April Mrs Reagan told a friend that one day her husband saw the White House on television and could not remember living there.

In November she announced establishment of the Ronald and Nancy Reagan Research Institute (to study Alzheimer's). Mr Reagan's mother is believed to have had the disease. After

Ronald was born in Tampico, Illinois, on 6 February 1911, his salesman father, John "Jack" Reagan, said: "He looks like a fat little Dutchman. But who knows? He might grow up to be president some day."

Ironically, the Reagan political legacy has never seemed stronger. Dogged as he has been by questions about his age and energy, the Republican presidential front-runner, Bob

Dole, has struggled to deliver what Mr Reagan could boast of in spades: vision.

"I can be Ronald Reagan if you want me to," Mr Dole told Republican activists recently. Other candidates work to wrap themselves in the Reagan magic. The *Washington Post* gauges them periodically on a "Reagan Meter", graded on hairstyles, wives and acting ability. Lou Cannon, a Reagan biographer,

remembers remarks about Mr Dole being applied 16 years ago in New Hampshire to Mr Reagan. "They were saying, he's too old, finished." But Mr Reagan, says a political analyst, Sherry Jeffe, "could shape his image and communicate his image, which belief that first perception". Mr Dole, she added, "doesn't have that kind of command of the media and that's a critical difference".

Reagan: Alzheimer's victim

New Hampshire: Pat Buchanan is back with a populist tinge to his fiery conservatism, but this time the message is not so new



On the stump: Buchanan, promoting himself as 'the defender of working Americans'

Photograph: Mark Peterson

Republican radical struggles for lift-off

DAVID USBORNE
Merrimack, New Hampshire

There are few among the voters of New Hampshire who are ambivalent, it seems, about Patrick Buchanan. There was the Nashua lawyer who simply stuck a finger down her throat and the fashion retailer in Derry who called him a "dictator". Others, such as Michael Fahey, a schoolteacher, or Bill Weiss, a retired engineer, will hear of no other candidate. His campaign slogan is theirs: "Go Pat Go".

That he elicits such passion would doubtless please Mr Buchanan, a former aide to Presidents Richard Nixon and Ronald Reagan and, in more recent years, a political commentator who co-hosts a nightly programme on CNN television. His supporters say he alone in the race for the Republican nomination consistently speaks his mind without feints and evasions. Indeed, Mr Buchanan rarely pulls his punches.

And the message is radically conservative. He once labelled AIDS as nature's "awful retribution" against homosexuals and has suggested that fire-bombing abortion clinics is no more grave a crime than the act of abortion itself. At the Republican National Convention in Houston in 1992, he appealed party moderates to his portrayal of a "cultural war" in the US between liberals and conservatives.

Now Mr Buchanan is back, looking more pudgy and more weary than last time, but no less fiery in his rhetoric. He was energised last week when a straw poll in Alaska gave him first place over Steve Forbes. Bob Dole and the candidate nearest to him ideologically, Phil Gramm of Texas Tomorrow, he

and Senator Gramm are due to face off again in Louisiana, in the first caucus vote of the campaign. Because Louisiana sends few delegates to the national nominating convention, only he and Mr Gramm have seriously campaigned in the state.

His old 1992 stalwarts in New Hampshire are likely still to find satisfaction when they hear Mr Buchanan on the stump. Many of his themes have not changed. He remains forthright in his isolationism, demanding that the US ditch its free-trade agreements and turn its back on such global organisations as the United Nations and the World Trade Organisation.

Thus, in a speech inside New

Hampshire's State Capitol building last week, Mr Buchanan declared: "I see the institutions of world government growing up - the UN, the World Bank, the International Monetary Fund, the World Trade Organisation - and I see the United States giving up its own sovereignty. I give you my word that the moment I raise my hand to take the oath of office, that new world order comes crashing down."

He is similarly extreme on immigration, proposing a complete moratorium for five years. To discourage illegal immigration, he would build a fence the length of the country's southern border and defend it with soldiers. He also would end development aid to foreign

countries, which, he says, have become like welfare recipients, hooked on hand-outs.

Some things are different for Mr Buchanan this time, however. He is not alone, taking on a sitting president of his own party, as he was four years ago, but is one among a field of candidates, many of whom are sporting equally conservative colours. Worse, he returns to New Hampshire as a known quantity and, therefore less appealing.

And in one intriguing respect, Mr Buchanan has changed too. Overlaying his conservatism now is a strikingly populist pitch. He portrays himself as the defender of working Americans - "the people who work with tools and machines and their hands" - and chastises corporate America for putting the bottom line and their shareholders before their workforces. Among his favourite targets is AT&T, which last month announced plans to lay off 40,000 people - and sent the Dow Jones index soaring.

Mr Buchanan has only the dimmest chance of actually securing the nomination, let alone the presidency. As long as he remains in the campaign, however, he has an opportunity to nudge his party in the direction in which he wants it to go and to lacerate Mr Clinton along the way. And he is, we have to presume, having fun again.

Second Section: On the campaign trail with Forbes

Central America may be a health hazard for the Pope

PHIL DAVISON
Latin America Correspondent

If Pope John Paul wanted to test his health after the illness that curtailed his Christmas Day greeting, he could hardly have chosen a more challenging itinerary. He is due in Guatemala City today at the start of a visit that will also take him to Nicaragua, El Salvador and Venezuela by next weekend.

The last time he visited Guatemala, in 1983, General

Efraim Rios Montt, then the military ruler, "welcomed" him by executing six suspected leftists for whom the Pope had called for clemency. In Nicaragua during the same trip, the ruling Sandinistas heckled the Pope and interrupted a speech.

Now, tension is high in Nicaragua after the bombings of 18 Catholic churches, an attempt to assassinate a presidential candidate and last week's brief but dramatic occupation by armed students of

the Foreign Ministry in Managua, site of the press centre for the Pope's visit.

In El Salvador, the Pope is under attack for appointing the conservative Fernando Saenz La Calle, a member of the Opus Dei movement, as Archbishop last year. That ended a tradition of liberation theologians, including Archbishop Oscar Arnulfo Romero, who was murdered by a right-wing death squad in 1980.

Progressive Catholics are

angered that John Paul will not visit the graves of six Jesuit priests murdered by soldiers in 1989.

In case all that is not enough to give the Pope a headache, a riot broke out on Saturday in a prison he is due to bless in the Venezuelan capital, Caracas. The riot left him with one fewer intimate to bless.

The Pope will base himself in Guatemala until Friday, making trips to Nicaragua on Wednesday and to El Salvador on

Thursday, before spending the weekend in Venezuela.

On his 69th trip as Pope, and his first since his Christmas bout with flu and food poisoning, John Paul hopes to seal peace and reconciliation in Central America, wracked by civil wars - in which half a million people died - the last time he visited. But a key underlying

mission, according to priests in the region, is to try to stem an evangelical Protestant upsurge threatening his Church from Ti-

juana to Tierra del Fuego.

In Guatemala, 100 per cent Catholic a generation ago, up to 30 per cent of the 10 million population are now thought to be members of evangelical churches or sects, often backed by US funds and bolstered by jazzy US-style TV services.

While Guatemala is the only Central American nation still faced with a guerrilla war, the leftist guerrillas have pledged a ceasefire during the Pope's visit as a gesture of respect.

Many Nicaraguans believe the Sandinistas, who will seek to regain power next November,

possibly with former President Daniel Ortega as their candidate, were behind the 18 church bombings over the last nine months, most recently last Christmas Eve and New Year's Day. No one was injured.

Some of the students who occupied the Foreign Ministry last week, disrupting the accreditation process for the Pope's visit, were wearing the red-and-black bandanas of the Sandinistas as police evicted them.

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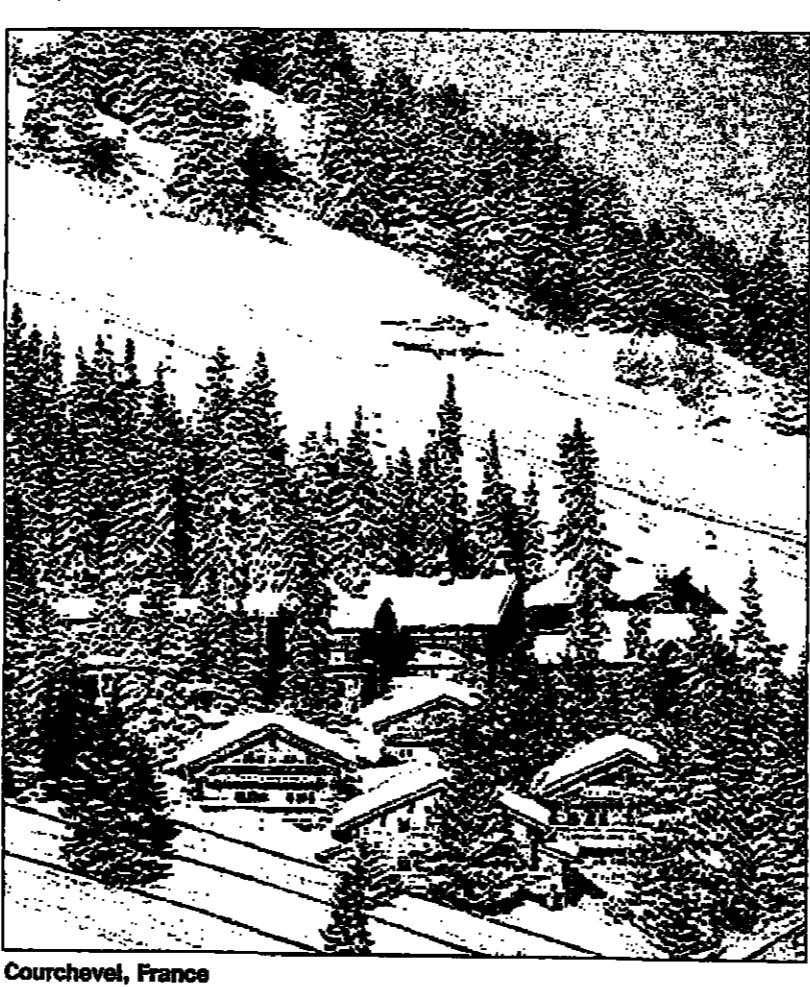
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The enterprising stakeholder

Critics allege that Tony Blair's stakeholder economy would let the unions into power by the back door. Wrong, says Christopher Hampden-Turner, one of Britain's leading management consultants. He argues that stakeholding should be the foundation for a new enterprise culture

Rorschach's famous inkblots are projective tests of one's own psyche. You say what you think they mean and reveal your imagination, or lack of it. It is a crucial aspect of modern leadership not to spell things out too precisely. Like the oracle at Delphi, you need supplicants to think for themselves. Arguably, the Stakeholder Society is genuine only if we join together to give it meaning.

Stakeholders include at least five parties: employees, shareholders, customers, community and the Government. Wealth is created when all five work effectively together. Indeed we, or harmony, among the five is the chief value that Singapore proclaims and achieves. The stakeholder vision is not of one "holder" dominating others, nor of parties forced into a sullen, corporatist compromise, but of shared problem-solving.

By now we are nearly all agreed on what went wrong in the Seventies. One of the stakeholders, the unionised employees, gained their wages not by co-operating effectively in the production process but by shaking down other stakeholders, the community, the shareholders, even the Government.

It is to Margaret Thatcher's credit that she stood up to the unions. It is to her discredit that she saw the "war between stakeholders" as an extension of politics-as-usual and took sides against working people. She crushed her enemies in the school room and tool room. Alas, crushed people are not more productive than predatory people. Britain's decline continued.

Just as unionised employees were once too predatory, there are now ominous signs that another stakeholder group has overpowered fellow stakeholders. I refer to shareholders. Shareholders are absolutely essential to the wealth-creating process. It would be as foolish to assail them as it was to assail working people. Rather, we need them to behave differently in their own interest and ours. Powerful financial institutions have been transferring the rewards of industry away from customers, employees and government towards themselves and those they represent. This helps to explain why share prices keep breaking new records, while the rest of us fear to go out and spend, fear redundancy, fear to rely on the NHS to keep us alive.

There are at least three ways in which shareholders are getting money earmarked for other stakeholders. The first source is downsizing, we see that these are typically rewarded by a jump in the share price. This enriches immediately both shareholders and "shareholders' representatives" in top management who hold shares, or options or both. Now, if the jump in the share price was the result of considered judgements that the corporation was overextended, we could not reasonably object. Unfortunately, the price jumps for another reason, because a sizeable chunk of the wage bill is now available for distribution to shareholders.

There is a distinct lack of evidence that downsizing helps the corporation in the long term. Most of the available evidence from the United States points in the opposite direction. Surveys conducted by Wyatt & Co for the American Management Association show that 56.5 per cent of 547 downsizees failed in their objective of improving operating profits: a majority had to rehire within the year, stress-related illness jumped, and complaints from customers increased.

By the time the emaciated chick-ens have come home to roost, shareholders have long since moved their money to another hen-house. Even the managing director and his share options are likely to have moved on, leaving the Anaemic Organisation behind him.

The problem is that shareholders, like the unions before them, profit not simply through the contributions they make to the work of other stakeholders, but in part at the expense of other stakeholders and industry generally. But this is failing for the same reason as predatory unions fail, because all stakeholders are needed to create wealth.

A second symptom of our troubled relationships among stakeholders is competing against consumers. The City puts, say, clearing banks under strong pressure to raise their returns and so they start to compete less with each other than with their own customers. It is far easier to claw back a few millions from innumerate customers than to beat another set of professional

accountants in improved service. Indeed, given the current spate of lay-offs, good service is a vanishing art. American banks, for example, have started to charge customers extra for using cashiers.

A third way of moving money from other stakeholders is via takeovers, mergers and acquisitions. These grew astronomically during the Eighties and they mostly rob Peter to pay Paul. In the recent battle between Forte and Granada, for example, each had to promise the shareholders larger payouts. Inevitably, much of this money will come from employees, already low paid, who will now earn even less, and from customers, who will pay more.

Takeover targets (ICI, Pilkington) are often those who have put aside "patient money" to improve employee education, buy new equipment, improve quality and develop new products. All these pay off in the long term. But corporate raiders offer this money to shareholders now, and too often they bet on the outcome of the fight, thereby abetting the takeover process. We search for the "quick buck", oblivious to the fact that real wealth is created by "slow bucks" and by stakeholders who trust one another and learn together.

The Victor Company of Japan invested an estimated \$3bn (£2bn) over eight years to develop the video-recorder into a consumer item. Britain lacks capital that is cheap enough, patient enough and plentiful enough to develop world-class technologies. A nation that believes that £1m worth of potato chips, casino chips and microchips are of equal value is crunching not just numbers but its own brains. An economy is not a horse race in which we "pick winners" but a living system informed by products such as microchips, which improve hundreds of other products while teaching every person they touch.

The logic of profit has driven out the logic of learning. As the fate of the Hanson Trust has shown us, those who deal in companies cannot grow companies. They have neither the patience nor the skills. If investments are designed to pay off over seven years, this leaves the investor helpless to meet a bid for his assets next month. How many prime-site corporate HQs would not earn more as hotels? But this does not mean that we should sell the central nervous system of our economy.

The truth is that for really successful industries, shareholders come last. This is a quote from the 1943 Credo of Johnson & Johnson, the US pharmaceutical house. The irony

is that this company has earned more for its shareholders over the last half-century than any other. By "last", J&J does not mean "least important". It means last in time. Not until employees, encouraged by managers, have served customers and customers have given money can the shareholders get their whack. Where shareholders invest in other stakeholders they must wait for them to succeed, benefiting themselves in the process.

That way we all get richer, shareholders too. But we get poorer if shareholders jump the queue and divert money destined for others. As Michael Porter, the US-based analyst of what makes economies and companies competitive, recently pointed out, the UK financial community over-harvests, giving too little investment and demanding too much, too soon.

For we have fatally misread the success of the Asian tigers. We attribute this to their low government expenditures, less welfare, compliant workforces and absence of regulations. Yet this happens not because government does less, but because corporations do more for their people and are repaid by ever-improving work. Moral debt looms large in these cultures. The company supplies a free bus service, so workers devise some cost-cutting scheme to pay the favour, whereupon the company builds day-care centres and workers are spurred afresh. Reciprocal benefits escalate on each side. As a result, there is less for government to do.

I remember visiting Intel, the microchip and computer processor manufacturer in Penang, Malaysia, where the Pentium processor is made. The managing director, a Chinese Malaysian, explained how he had started an in-house shop. Why? "To save time," he explained, "but also to generate profits, which we used to start the Credit Union.

Now we have taken the capital in the Credit Union and invested it in low- and medium-tech corporations in this area."

I still did not see the point. "It is

so that any employee who has worked loyalty for us but cannot learn the trigonometry needed for Pentium production can be out-placed in a company that our union partly owns. We find jobs for everyone."

We were standing in the middle of a flower garden, which was also the day nursery. The children were learning English: "Good morning, visitor!" they chorused. Managers' children are educated at cost, technicians' at half-cost, workers' children are educated free. In the background was the Adult Activity Centre, which welcomes the families and guests of employees. Intel won the 1993 prize for the Most Caring Corporation in Malaysia. All nominations are from the community only.

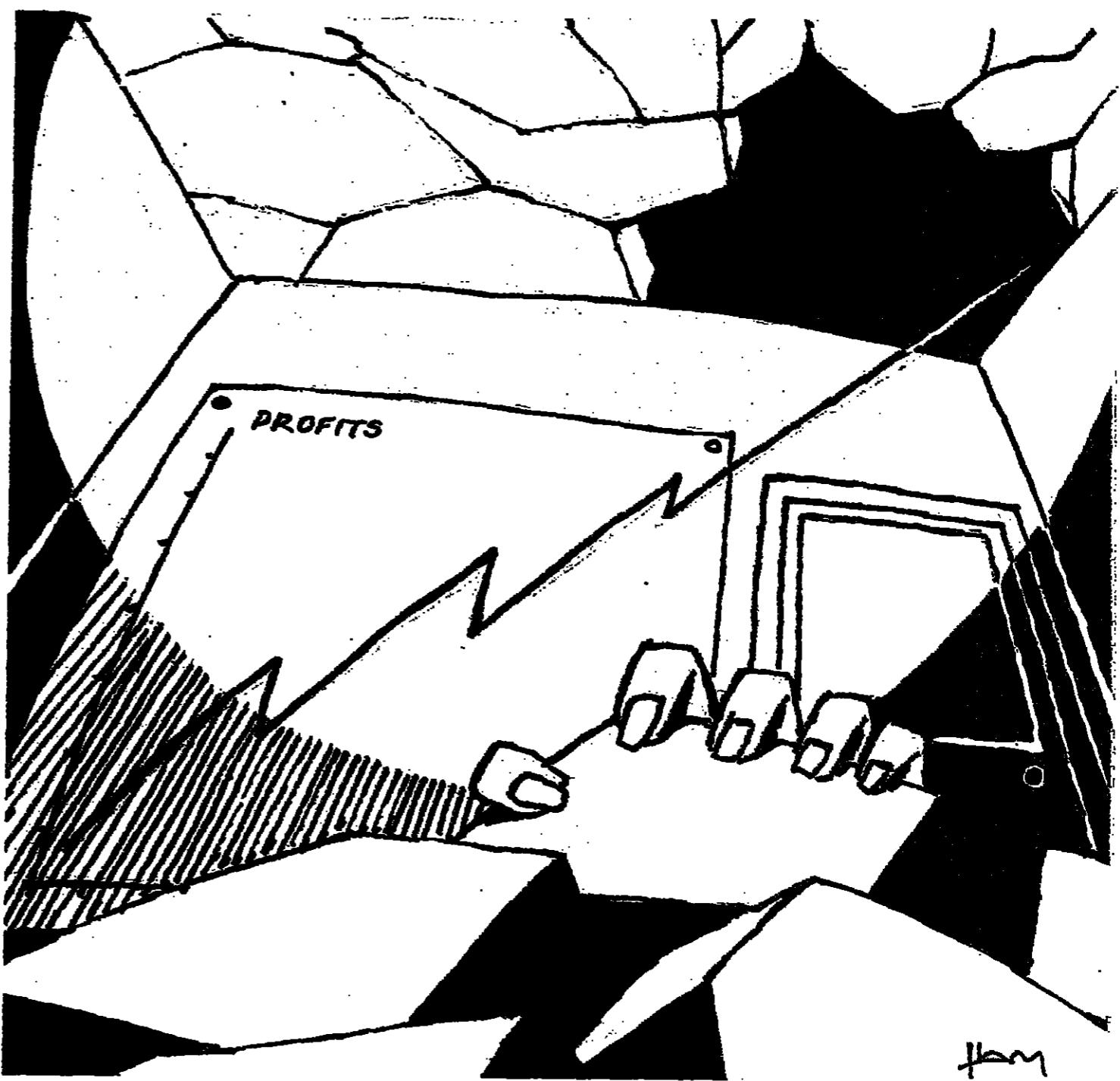
However, there are coercive aspects as well. The managing director was told that one of his chief suppliers was seen during the week at the Turf Club. "I looked up his donations to local schools. They had fallen well below the ratios we had agreed. I asked him in for a chat. He is still our supplier and he is doing

his share in building the education infrastructure that this area needs. We no longer see him at the races."

The Malaysian economy grew at a rate of about 8 per cent per annum between 1993 and 1996. Neighbouring Singapore has overtaken the United States in GDP per capita. At about \$30,301 per annum it is \$10,000 higher than in the UK, its recent colonial master. On its present trajectory, Singapore will overtake Switzerland as the century turns to become the wealthiest economy in the world.

Here is an "enterprise culture" that is also a "stakeholder economy". Yet the next UK election will almost certainly feature the advocates of each system pelting each other with mud. That is the measure of our present failure.

The writer is senior research associate at the Judge Institute of Management Studies at the University of Cambridge, and is the author of *The Seven Cultures of Capitalism*, published by Plunkett.



We search for the 'quick buck', ignoring the fact that real wealth is created by 'slow bucks'

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Glowering Gowrie

Despite a public show of unity, there is considerable ill-feeling between Arts Council chairman Lord Gowrie and Heritage Secretary Virginia Bottomley at present. Ironically, the bad blood has been created by the very thing which was supposed to draw them together: the new "cultural package for the arts" which includes the allocation of lottery funds to up-and-coming

talents in the arts and sports world and to prevent theatres and orchestras from closing. The brains behind the scheme was Gowrie and not Bottomley. He, rather ingeniously (one might say audaciously), found the money by claiming that the Arts Council was owed £4.3m from the lottery because of the overtime his staff had put in working on processing the grants. Gowrie had been due to announce his lottery windfall alongside the council's routine grant allocations on 25 January – but real-

Off the ball, 'Times'-style

If I were a sub-editor on the *Times* pages of the *Times*, I would be all of a tremble. Peter Jay, formerly our man in Washington and now the BBC's economics editor, is unmoved by the unintentional distortion of his prose in a review of the new biography of Aldrich Ames, America's most famous double-agent. When the copy was sent in, part of it read: "Ames was a drunk; but neither that nor his upbringing by a CIA father, another failure, who talked to his son about the KGB and Communists rather than the Redskins, provides any fatal flaw driving this tragic farce..."

The *Times* sub clearly is no expert on American football. "Redskins" refers to the Washington team of that name – she, alas, thought it a politically incorrect description of a race. In the *Times*, therefore, the sentence read: "... the KGB and Communists rather than cowboys and Indians..."

Mr Jay will be even less pleased when I reveal that the unfortunate sub-editor is an American.



Pride and Opera

The trade journal *Arts Management Weekly* reports that the same aesthetic ladies who swooned over Mr Darcy in the BBC's *Pride and Prejudice* are booked on *The House*, the fly-on-the-wall series on the Royal Opera House, and have fallen in love with the ROH's affluent, ruthless and elegantly bald marketing director, Keith Cooper.

I am not sure I quite believe this. I think it more likely that this time it is the male viewers who are doing the swooning. The object of their fantasies is, I suspect, the steely-eyed, demanding, but soft-centred chairwoman of the ballet board, Baroness Blackstone.

When Tessa looks Jeremy in the eye and castigates him: "This is a sorry tale of incompetence", a million hearts quiver. Jeremy Isaacs, smiling benignly while the world around him crumbles, is a perfect Mr Bennet.

And Sir Angus Stirling, the ROH chairman, imagining



Politically incorrect players?

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No sympathy for Tory deserters

John Major's revival in the past two weeks suggests the Tory ship may not be about to sink after all. But a lot of the rats are not hanging around to find out. More than 50 Conservative MPs have announced that they will not be fighting the next election. And more could join them before polling day arrives.

Of course, every MP has his or her own reasons for retiring. Some feel they are too old. Others may genuinely want to spend more time with their families. Many younger MPs may want to earn more money working in business.

However, this diversity of individual reasons for MPs wanting out cannot distract from the discontent and disillusion that departing MPs feel as they tramp the corridors of powerlessness so familiar to backbenchers. Emerging from their bubble is a commentary not just upon the dire state of the Tory party but also the malaise in our political system.

Underlying the tales of Westminster weariness and blighted ambition is a widespread fear of opposition: no chance of red boxes, no prospect of promotion, no influence upon ministers. Ambitious middle-aged junior ministers are suddenly realising that their career trajectory will be curtailed unless they find another job quickly. Boundary changes and the Tories' flagging performance in the polls means that some of these MPs will be looking for new jobs anyway.

In one sense, the exodus is an unremarkable admission that politics is becoming ever more a career. And, like other careers, people need to be able to switch around. Politics needs to be refreshed by people moving in and out of it, bringing back to it ideas and skills learnt in the out-

side world of real life. Yet in another sense, the exodus – and the desperation which accompanies it – must be very bad news for the Conservatives. It looks as though many in their ranks believe they are already defeated. The voters would respect and trust the younger ones far more if they stood and fought rather than running at the first hint of defeat.

More significant is the loss of older MPs, who can recall a time when Tory politics was about community, church and country, without being divisive, shrill and xenophobic. They are likely to be replaced by brasher, younger types, drawn from the City, advertising and estate agencies, brought up politically with Margaret Thatcher and with no memory beyond her. That will tilt the balance of the party further away from the centre-left traditions which it needs to keep hold of if it is to command the centre ground of politics.

Periods in opposition are as vital to democratic politics as periods in power. Time spent outside government should allow intellectual renewal, the discovery of new ideas and political visions. No party needs this more than the Tory party as it drifts listlessly from one short-term crisis to another, with the odd fleeting victory in between.

Labour, by contrast, is finally reaping the rewards of a painfully slow, partial and still far from complete political renewal. The Tories should learn from that and be ready to make opposition a more fruitful experience. Conservatives should not be leaving politics, they should be readying themselves to engage in it in the most energetic way: arguing, debating, proposing, not running for cover in the City.

Why EMU is so unpopular

From Lord Willoughby de Broke
Sir: The article by Sir Leon Brittan ("Don't misjudge Europe's real mood", 2 February) is a timely reminder of why EMU and those who peddle it so assiduously are becoming increasingly unpopular.

Sir Leon's condescending presumption that EMU will happen because heads of state will it is insulting to the electorates of the nations that make up the EU: the tedious business of seeking their opinion is not even considered worthy of mention. In support of his case he quotes yesterday's man, Jacques Delors:

"Any delay in applying the Treaty on EMU would be a catastrophe for European integration." As Mandy Rice-Davies so memorably put it: "He would say that, wouldn't he?"

As Sir Leon goes on to admit, the French government's mea-

sures to meet the Maastricht criteria have already led to national strikes and demonstrations; he even recognises that there is little support for EMU within Germany itself. The fact is that the countries that don't want it, while the countries that want it, don't count; but according to Sir Leon, it is going to happen anyway – it must be something they put in the Brussels water.

I will strike a bet with Sir Leon: that without creative fudging of the Maastricht criteria, EMU will not happen on 1 January 1999.

The loser to buy the winner lunch; and for the venue where better than Luxembourg, which looks like being in a cosy monetary union of one.

Yours sincerely,
WILLOUGHBY DE BROKE
Moreton-in-Marsh,
Gloucestershire

are normally caught alive and unharmed, can be returned to the sea to grow a little more and, hopefully, reproduce.

It is actually arguable that the minimum size of 85mm is not large enough, as it seems that very few female lobsters as small as that have actually yet produced eggs: the female carries her eggs for nearly a year, and in these waters I have never yet seen an undersize female lobster with "berries". In fact, at the moment many lobster fishermen on the west coast of Scotland are voluntarily adopting a minimum landing size of nearly 100mm.

Yours faithfully,
GEORGINA HOSHOUSE
Isle of Colonsay, Argyll

Little lobsters

From Ms Georgina Hoshouse
Sir: Regarding Scott Hughes's

examples of seemingly ridiculous rules and regulations emanating from Brussels (Section Two, 2 February), the catch and marketing of wild lobsters is indeed regulated with a minimum size. Far from being a bizarre regulation invented by Eurocrats, however,

this is a measure designed not to protect the consumer, but to protect the lobster species.

The theory is that by ruling that nothing below the length of 85mm (this is not total length but the shell length of the main body) should be "landed", the fishery will be protected and small lobsters which

Cromwell's castles

From Mr Donald Foreman
Sir: Mrs M. J. Fox (Letters, 1 February) seems to suggest that

because during the reign of Henry VIII monasteries were suppressed, the Prince of Wales's call for lottery money to be spent on religious buildings should be seen as some form of atonement. If so, perhaps descendants of the

Cromwell family would like to give their support to the restoration of the cathedrals, churches and castles which suffered damage, even destruction, during Britain's mercifully brief experiment with republicanism.

Yours faithfully,
DONALD FOREMAN
Secretary, The Constitutional
Monarchy Association,
London, E4

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Successful prostate cancer screening

From Mr E. P. Neil O'Donoghue,
FRCS

Sir: The only sensible objective of

a screening programme for prostate cancer is to detect early prostatic cancer in those younger

men who could otherwise expect

a full life but whose lives are at

risk ("Catching a killer can do

more harm than good", 30 January).

There is little point in screening 75-year-olds with heart

disease or other infirmities that will limit their survival.

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obituaries/gazette

Gene Kelly

As director and choreographer, dancer and singer, acrobat and actor, Gene Kelly was one of the most vital and indispensable figures in the history of the American film musical.

Paradoxically, it was by assuming and exploiting the ostensibly limited measure of creative freedom afforded by genre movies that Hollywood directors, writers and performers produced their most durable work - more often and more durably, it could be argued, than when scaling the heights of "self-expression" to which a few would eventually graduate. Although scandalously neglected by the Academy Awards, the musical was one of the American cinema's most glorious indigenous genres, and one which was to offer those who worked within its licence of a kind that was denied them in their "straight" movies: licence in the stylisation of decor and costume, of course, but also in the elaboration of camera movement and the exploration of filmic space.

Most notably in his collaborations with Stanley Donen, Kelly opened up, "aerated", the performing space of the Hollywood musical of the early Fifties, whose fundamentally theatrical origins still tended to show through, and created for the cinema what might be termed an "impossible stage", whose spatial parameters would be ceaselessly redefined before our dazzled and discombobulated eyes. With Donen he co-directed a trio of musicals of paramount importance and almost infinite charm, one of which, *Singin' in the Rain* (1952), is widely regarded as the finest of all.

To most moviegoers, however, Gene Kelly was familiar only as a performer, as a face, as a great, grinning, apparently indecipherable smile - one that re-

called both the devil-may-care nonchalance of a Douglas Fairbanks (it was not by chance that in 1948 Kelly played d'Artagnan in one of the umpteen screen adaptations of *The Three Musketeers*) and the unquenchably breezy optimism of a Harold Lloyd - a smile around which his trim, athletic figure would indefinitely circle and spin. The most peerlessly debonair dancer of the 1930s (and, indeed, of the entire history of the cinema) was Fred Astaire. But if Astaire made one think of an angel momentarily come to rest on earth, then Kelly was a dancer who, in a wholly unpejorative sense, had his two feet firmly on the ground.

From out of the bijou whitewalled penthouse suites in which Astaire and Rogers would rottate like figurines on a music box, Kelly took dancing down into streets and squares and parks; and to the silken white-tie strait-jackets that set his predecessor off to such dazzling advantage he preferred, in movies like *Anchors Aweigh* (1945) and *On the Town* (1949), the more robust and homely white of a sailor's bell-bottoms, investing them with the fantastical charm of those decorative races, clowns, Pierrots and Harlequins. The choreographic language that Kelly introduced into the American musical carried the very first hint of the vernacular, of *slang*.

Kelly had been a dancer - or "hooper", a term that might have been coined for him - since his childhood. He became a professional in 1938 as a male chorine in the Broadway musical *Leave It to Me* and in 1940, one of several *annals mirabilis* in his career, he choreographed "Billy Rose's Diamond Horseshoe" and was cast in the title role of *Pal Joey*, Rodgers and Hart's groundbreaking musical version of John O'Hara's short

story. Then, only one year later, he was offered the male lead opposite Judy Garland in Busby Berkeley's *For Me and My Gal*, the first of his appearances in a long series of MGM musicals, which later included four by Vincente Minnelli: *Ziegfeld Follies* (1946), a portmanteau homage to one of the most flamboyant of Broadway's showmen, in which he would perform a droll, self-debunking song-and-dance routine, "The Babbitt and the Bromide"; with Fred Astaire; *The Pirates* (1948), in which his neoclassical panache was ideally suited to the role of a ham actor mistaken for a buccaneer; most memorably, perhaps, *An American in Paris* (1951), which concluded with his celebrated "Ecole de Paris" ballet; and, finally, *Brigadoon* (1954, with Cyd Charisse and Van Johnson).

It was also in 1949 that Kelly was teamed with Stanley Donen to direct *On the Town*, usually credited as the first modern film musical. In fact, much of it was in a traditional MGM mould, and only its opening sequences could claim to be genuinely innovative. Filmed completely and (for the period) adventurously on location, it presented Kelly, Frank Sinatra and Jules Munshin (the one whom everyone tends to forget) as three sailors released at dawn from the Brooklyn Navy Yard on a 24-hour pass and gawpingly absorbing the sights and sounds of the big city. The remainder of the film, though far more dance-oriented than most previous musicals, was conventionally studio-bound.

But, as Kelly himself said, "The fact that make-believe sailors got off a real ship in a real dockyard and danced through a real New York was a turning-point in itself." *Gilbert Adair*

away his taxi and as he strolls off begins to hum the counter-melody before launching into full song, his euphoria mounting as he leaps on to a lamp-post and embraces it, gaily waving to a couple who hurry by with a newspaper over their heads. Arms outstretched, he beams as the camera swiftly tracks in for the famous grinning close-up, then he strolls, insouciantly twirling his umbrella, before starting a second chorus with "Dancin' in the rain . . .", the sound of his taps on the wet pavement having a beguiling sonority.



The finest musical of all: Kelly in *Singin' in the Rain* (1952)

Photograph: Kobal Collection

Throughout the number Kelly uses his umbrella as a prop, twirling or kicking it, juggling with it, using it as a banjo or a partner, running it along railings and, as he does a jaunty sideways step to the left, twirling it to the right above his head. Standing under a pouring drainpipe, he abandons its protection completely before joyously whirling full-circle in the street as the orchestra's brass sweeps into the main melody before strings take over as Kelly delicately trips on and off the sidewalk as if on a tightrope (the magnificent orchestration was

the work of MGM's ace arranger Conrad Salinger). Finally, Kelly splashes with gay abandon through the puddles before the reproving gaze of the law curtails this transport of delight and, giving his umbrella to a passer-by, he disappears happily into the night.

Eugene Curran Kelly, actor, dancer, director; born Pittsburgh 23 August 1912; married 1941 Betsy Blair (one daughter; marriage dissolved 1957); 1960 Jeanne Coyne (died 1973; one son, one daughter); died Los Angeles 1 February 1996.



Bruton: 8,000 brains

Photograph: Tony Buckingham

Chubby Wise

Chubby Wise was one of the great sidemen in country music, a champion fiddler whose work with first Bill Monroe and then Hank Snow established him as a formative influence upon generations of bowmen.

He joined the ranks of Bill Monroe's Bluegrass Boys in 1942 at a time when Monroe, known as the "Father of Bluegrass Music", was developing the dynamic acoustic sound that has been his musical legacy. By 1946 Wise found himself alongside the innovative banjo-picker Earl Scruggs, the guitarist and vocalist Lester Flatt and the bass player Cedric Rainwater, in the classic Bluegrass Boys line-up.

Together they cut a string of classics for Columbia, including "I Hear a Sweet Voice Calling", "Will You Be Loving Another Man", "Footprints in the Snow" and "Blue Moon of Kentucky". Eight years later, Elvis Presley turned the last of these into a classic piece of rockabilly, the

flip-side of "That's All Right Mama".

Following his departure from the Bluegrass Boys, Wise turned to session work, backing among others, Red Foley and Hank Williams. He honed his song-writing talent, co-writing "Shenandoah Waltz" with Clyde Moody, who enjoyed a massive hit with it (an estimated 3 million copies) in 1947. Wise then found a new home with Hank Snow's Rainbow Ranch Boys.

For some 16 years Wise played alongside Snow, who was the Canadian star of the WSM *Grand Ole Opry*, the longest-running country music radio programme, broadcast live from Nashville. Wise took part in the 1955 sessions in which Snow and his band joined the guitarist and producer Chet Atkins in adding new instrumental backing to several classic recordings by the country music pioneer Jimmie Rodgers (who had died 23 years earlier). In the 1960s, Wise cut an al-

bum for Starday entitled - rather absurdly for a man born in Florida - *Tennessee Fiddler Chubby Wise and the Rainbow Ranch Boys*. It proved a taste of things to come, for when Wise left Snow in the early Seventies, never to be replaced, he relocated to Texas and promptly signed with R.M. Stone's Stoneway label, eventually cutting nearly two dozen albums for them.

Wise became a fixture of the Texas scene, recording an album with his old friend Mac Wiseman, whilst another fiddling legend, the former Texas Playhouse radio programme, broadcast live from Nashville, Wise took part in the 1955 sessions in which Snow and his band joined the guitarist and producer Chet Atkins in adding new instrumental backing to several classic recordings by the country music pioneer Jimmie Rodgers (who had died 23 years earlier). In the 1960s, Wise cut an al-

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As a child growing up in rural Florida, Chubby Wise had begun his musical career playing banjo, switching to the fiddle at the age of 12 only because, as he once told an interviewer: "The fiddle bow fit my hand a lot better than them plough handles did." *Paul Wadey*

Robert Russell Wise (Chubby Wise), fiddler; born Lake City, Florida 2 October 1915; married; died Washington DC 6 January 1996.

Robert Russell Wise (Chubby Wise), fiddler; born Lake City, Florida 2 October 1915; married; died Washington DC 6 January 1996.

The following notes of judgments were prepared by the reporters of the *All England Law Reports*.

Betting
R v Horsefair Totaliser Board, ex p William Hill; QBD (Macpherson J); 15 Dec 1995.

The Horsefair Totaliser Board's discretion under s 14(1) of the Betting, Gaming & Lotteries Act 1963 was wide.

The power to determine what charges to make was vested solely in the board itself and provided its decisions as to charges were rationally made they were enforceable. The differentiation of fees was not unlawful provided there was a legitimate basis for it and there was no evidence of *mala fides*.

Evidence
R v Lee (Robert); CA (Cr Div) (Russell J, LJ, Roafer J, Judge Rhys Davies QC); 15 Dec 1995.

The words "threat or injury" in s 32(2)(a) of the Criminal Justice Act 1988 (which in combination with s 32(1)(b)

enabled a child to give evidence by video or television link) applied to the offence and not the offender; they did not necessarily involve any threat of injury to any particular person and certainly not to the person giving evidence by video or television link. An offence involved a threat of injury within the meaning of s 32(2)(a) if the circumstances were such that injury to a person was a real possibility. Thus evidence in an arson trial could be given through a live television link or video recording as the circumstances of the offence involved being reckless whether life was being endangered.

Simon Cook, who did not appear in the court below (Middlesex, Manchester) for the appellant; Roger Hedgeland (CPS) for the Crown.

Dr Clive Bruton

Greenfield's *Neuropathology* (1992).

Together, Corsellis and Bruton worked to establish the Runwell department of the neuropathology as a research centre of growing importance. There followed further work on epilepsy and dementia which attracted considerable national and international attention and led to the establishment of a collection of brains at the hospital. By 1993 he still enjoyed watching the occasional bout.

In 1971, he entered general practice, although he retained his links with neuropathological research. He later moved to Birmingham but still returned to complete his research at Runwell Hospital for the much-acclaimed Maudsley Monograph *The Neuropathology of Temporal Lobe Epilepsy* (1988) which was to influence the treatment of epilepsy. He wrote the chapter on epilepsy in

studies into the disease. He was involved with research into Creutzfeld-Jakob disease and bovine spongiform encephalopathy and had just published a paper, "Diagnosis and Incidence of Prion (Creutzfeld-Jakob) Disease: a retrospective archival survey with implications for future research" (1995).

From the mid-1980s until 1995, the department of neuropathology at Runwell had been largely funded by the Medical Research Council, with whom Bruton had established close working relationships. When, in 1994, plans were announced to break up and redistribute the archive, Bruton was instrumental in ensuring that the custodianship of the department and the material was transferred to Southend Community Care Services NHS Trust, leading to his appointment as curator of the Corsellis

Collection brain bank. This change brought further publicity for the department, and for Bruton in particular, who found himself the focus of international media attention.

Despite his contention that the publicity was an intrusion into his work, he was always charming and possessed a unique ability to talk passionately about his work. The quality and originality of the standards he set will remain a lasting legacy to neuroscience.

Rosemary Brown

Clive Joseph Bruton, neuropathologist; born Leicestershire 18 September 1941; honorary consultant, Department of Neuropathology, Runwell Hospital 1986-94; curator, Corsellis Collection 1994-96; married 1965 Dr Ann Udal (one son, three daughters); died Rawreth, Essex 1 February 1996.



Trevor Russell-Cobb

One of the first in Britain to advocate industrial patronage of the arts, Trevor Russell-Cobb was a man of strong independent views. These were sometimes perceived as eccentric, but they sprang from a bedrock of intellectual pursuits.

His 1968 monograph *Paying the Piper - the theory and practice of industrial patronage* was a pioneering work. Its prime objective was "to persuade industry to play a full part in the communities from which it draws its sustenance by spending money in support of art and artists". Practising what he preached, Russell-Cobb commissioned on behalf of his own company works from John Gardner for the 1963 Farnham Festival and from Malcolm Williamson for the 1968 Brighton Festival.

As a child growing up in rural Florida, Chubby Wise had begun his musical career playing banjo, switching to the fiddle at the age of 12 only because, as he once told an interviewer: "The fiddle bow fit my hand a lot better than them plough handles did." *Paul Wadey*

Webber-Douglas Academy of Dramatic Art) and educated at Wellington College, Russell-Cobb trained as a pianist at the Royal College of Music. His first paid job was in the London Stock Exchange, but this was not at all his *métier*. With the outbreak of the Second World War he enlisted in the Welsh Guards, rising to the rank of Lieutenant-Colonel.

While working at the British Council he enrolled at London University as an external student and took two degrees, the first, a BA in English in 1952 and the second a BSc (Econ) in 1956. Tempted by the remuneration, he took a job in Geneva for the United Nations on the staff of its technical assistance programme, but did not find international diplomacy a sufficient challenge and returned to his favourite city, London. Having become a director of the public relations consultants Campbell Johnson, he set up his own PR consultancy, Russell-

Cobb Limited. This was a career that occupied him on and off for the rest of his working life.

A lover of music and a talented pianist, Russell-Cobb was a director of the English Chamber Orchestra from 1953 to 1978. He was elected to the Council of the Royal Society of Arts in 1972 and became its Treasurer for five years from 1978. He worked to raise money for the Victorian Society and launched Enterprise Neptune for the National Trust. He was until his death a trustee of the Sir John Soane Museum and succeeded Lord (Asa) Briggs as Chairman of the Foundation for Ephemera Studies. He was a life member of numerous learned societies, the Johnson Society, the William Morris Society and the Society of Architectural Historians being his favourites.

Trevor Russell-Cobb had a wide circle of friends and an impressive general knowledge. Over the years he amassed a library of over 30,000 books,

which were his pride and joy. There was virtually no booklist or second-hand bookshop with which he was unfamiliar.

Leslie Sayers

Trevor Russell-Cobb, public relations consultant; born Chalfont St Peter, Buckinghamshire 3 February 1918; married 1940 Suzanne Chambers (one son, one daughter; marriage dissolved 1952); Nan Pique-Wicks (née Stanley Hughes, died 1979; two sons); died London 31 January 1996.

Spencer Hilliard (Afzal) for the applicant; Nigel Sweeney (Clyde & Co) for the Boden Syndicate at Lloyd's, an interested party; James Curtis QC (CPS) for the prosecution.

The applicant having made himself bankrupt five weeks after the imposition of a compensation order under which he was given three months to pay up to three years' imprisonment in default, the magistrates were entitled to find him guilty of wilful refusal and culpable neglect to pay and to impose a prison sentence, even though all the applicant's assets were vested in his trustee in

enabling a child to give evidence by video or television link) applied to the offence and not the offender; they did not necessarily involve any threat of injury to any particular person and certainly not to the person giving evidence by video or television link. An offence involved a threat of injury within the meaning of s 32(2)(a) if the circumstances were such that injury to a person was a real possibility. Thus evidence in an arson trial could be given through a live television link or video recording as the circumstances of the offence involved being reckless whether life was being endangered.

Simon Cook, who did not appear in the court below (Middlesex, Manchester) for the appellant; Roger Hedgeland (CPS) for the Crown.

Births, Marriages & Deaths

BIRTHS
SUTCLIFFE: On 22 January 1996, to Elizabeth and Sean, a son, Julian Patrick.

DEATHS

ELY: On 25 January 1996, after an illness of 15 months, borne with great courage and dignity, Peter John, aged 59, beloved son of Tony, late of the Lanes, Minster, and brother of Simon and Phillip, 12, Peter, died on Tuesday 6 February at 12 noon, at St Stephen's Church, Canterbury. Announcements for Gazette BIRTHS, MARRIAGES & DEATHS should be sent in writing to the Gazette Editor, The Times, 20th Floor, Southwark Wharf, London E1 2SD. Tel: 0171-293 2011 or faxed to 0171-293 2010, and are charged at 25.50 a line (VAT extra).

Forthcoming marriages

Mr R. W. Furness and Miss A. F. Matheson

The engagement is announced between Rupert, only son of Professor and Mrs Raymond Furness, of Boarhills, Fife, and Fiona, only daughter of Dr and Mrs Christopher Matheson, of Coton, Norfolk.

Birthdays

Mr Jack Aspinwall MP, 63; Mr Robert Atkins MP, 50; Mr William Burroughs, novelist, 82; Mr Red Buttons, actor and comedian, 77; Maj-Gen Sir Simon Cooper, Master of HM Household, 66; Mr Ian Findlay, former chairman, Lloyd's, 78; Lord Gibson, former chairman, National Trust, 80; Miss Susan Hill, novelist, 54; Professor Sir Alan Hodgkin, former Master, Trinity College, Cambridge, 82; The Hon Douglas Hogg MP, Minister of Agriculture, Fisheries and Food, 51; General Sir Geoffrey Howlett, chairman, Services Sound

and Vision Corporation, 66; Mr Mark Jones, Director, National Museums of Scotland,

Apple expected to call off talks on Sun buyout plan

DAVID USBORNE
New York

Talks between Apple and Sun Microsystems on a buyout plan that would have in effect merged the world-famous Apple name out of existence are expected to be formally suspended today in the wake of the appointment late last Friday of Gilbert Amelio as the company's new chief executive and chairman.

Sources close to Mr Amelio, who comes to Apple from National Semiconductors where he has been chief executive since 1990, say he is likely to attempt in the short term at least to solve Apple's manacles problems from the inside and while retaining its independence. Mr Amelio replaces Michael Spindler, chief executive since 1993, who has received most of the blame for Apple's recent difficulties.

The change of the guard at Apple was confirmed by the company late on Friday, hours after the close of markets and a full business day after it was foreshadowed in several US newspapers. Rumours of the impending ousting of Mr Spindler

prompted a small rally in Apple shares which closed higher on the Nasdaq market at \$25.50 on Friday evening.

The price for spurning Sun Microsystems, which had been in talks with Apple since last Autumn, is likely to be swift action by Mr Amelio to restructure the company, probably entailing new redundancies on top of the 1,300 job losses announced by Mr Spindler last month.

The crisis at Apple sharpened early last month when it reported a \$69m loss for the quarter ending 29 December which included the Christmas retailing period and should have been strong.

The company, which last week saw its credit rating downgraded to junk status, has also warned of additional red ink in the first quarter this year.

Even as recently as 10 days ago at a raucous annual meeting of shareholders, the Apple board defended Mr Spindler, even though he came under fierce attack at the meeting from some important institutional investors. But board members began to question the wisdom of hanging on to Mr Spindler at a secret crisis meet-

ing in a New Mexico hotel the next day.

The merger option also became less attractive as Apple's share value continued to sink. Last week, Sun Microsystems was reported to have proposed a straight stock-swap transaction that would have valued Apple at a meagre \$23 a share.

Apple board members were put off, in part, because of fears that selling the company for so low a price might have triggered an avalanche of shareholder law suits.

If the Sun Microsystems deal could not be done, the sacking of Mr Spindler came to be the only remaining option for the board. The crunch came at another secret board meeting at the St Regis Hotel in Manhattan last Wednesday. It remains unclear whether Mr Spindler had to be pushed, or if he resigned voluntarily. He suffers from a heart condition and his wife has cancer.

The board chairman, AC "Mike" Markkula, meanwhile volunteered to become vice-chairman and surrendered his chairmanship to Mr Amelio, thus giving him full control. Mr Amelio has several options for restructuring at Apple where executives have been keen to focus on software.

Among those predicting that



'Mr Fix-it': Gilbert Amelio who takes over from Michael Spindler at the Apple helm



£180m boost: The sale of the Lloyd's building is confirmed

Lloyd's pressed to find more cash for Equitas

JOHN EISENHAMMER
Financial Editor

The Department of Trade and Industry is putting pressure on Lloyd's to find more money for Equitas, the giant re-insurance company that is to take over all old, loss-making policies.

The demand aggravates a tense situation for the insurance market's management as it faces further slippage in the recovery plans amid persistent difficulties in getting market participants to contribute the required funds to the rescue.

The DTI, which has to approve Equitas before it can start up, is concerned that the reserving requirements calculated by Lloyd's are insufficient given the enormous uncertainties. "This is the biggest insurance company authorisation the DTI has ever done, so it is being very conservative. It really wants it to be over-reserved," said a source close to the negotiations.

In its reconstruction and renewal plan, Lloyd's budgeted for Equitas with capital of nearly £160m, but now concedes that the DTI is looking at a range around that figure. Insiders say the DTI's wish for a "comfort margin" will require several hundreds of millions of pounds more.

The source said: "The DTI is telling Lloyd's it is trying to quantify the unquantifiable, to ease the pain of these Equitas premiums, Lloyd's is working on putting together a £2.8bn

fund of credits and debt for insurance claims over the next 25 years, dependent on decisions in the US Congress and courts. So it needs to err on the side of extra caution."

Unable to get more money from hard-pressed names, and already embroiled in tense talks to get various groups of market professionals such as brokers and E & O insurers to meet the contributions earmarked in the existing recovery plan, Lloyd's and its adviser, NM Rothschild, are stepping up the search for large corporate capital contributions.

This was behind the recent rumour that Warren Buffett, the powerful US investor, was considering injecting sizeable funds into Equitas.

The giant re-insurance company is key to Lloyd's plans for survival.

It is meant to begin operating in June, taking over all outstanding liabilities for pre-1993 policies, mainly for US asbestos and pollution claims, leaving a "New Lloyd's" unburdened to trade profitably into the future.

Some 34,000 names will be asked to pay a final individual premium to Equitas, totalling some £1.9bn, wiping their own liability slate clean. In return for this "finality" names will cease litigation against Lloyd's.

To ease the pain of these Equitas premiums, Lloyd's is working on putting together a £2.8bn

Al-Fayed planning new watchdog body

MAGNUS GRIMOND

Sir Richard Scott, the judge leading the arms-to-Iraq inquiry, and Michael Lawrence, former chief executive of the Stock Exchange, are two of the names on the list to head a new corporate governance watchdog being established by Mohamed Al-Fayed, Harrods chairman.

Mr Al-Fayed, who has been heavily criticised for his own business methods, will this week write to around two dozen large fund managers to drum up support for his new body. He has already had two meetings with Derek Fowler, chairman of the Railways Pension Trustee Company, a big pension group which has already indicated its intention to become more active in this area, and hopes to obtain enough support from other fund managers to set up a meeting to establish the feasibility of the project.

The idea is that the new body will act as a powerful and independent force to maintain best corporate practice and make directors accountable for their actions to shareholders and the investors they represent.

Potential candidates head the new body have not yet been approached, but a spokesman for Mr Al-Fayed said they would be seeking "someone of courage and determination, who is a seeker of truth and prepared to impose corporate governance

which acts in the interests of ordinary shareholders."

He suggested that Sir Richard and Mr Lawrence were both independent-minded men who fitted that description.

The initiative comes after the December announcement by the Railways Pension Trustee Company that it was becoming one of the first occupational pension schemes to introduce a corporate governance policy covering the companies in which it is invested. RailPen said then it would instruct the institutions which manage its pension funds to implement a code that involves voting at company meetings and taking a greater interest in company performance and strategy.

Mr Al-Fayed was spurred into action after reading of the RailPen move and met Mr Fowler to discuss ways in which the influence of fund managers could be brought to bear on companies. His spokesman said Mr Al-Fayed would underwrite the new body initially, then take a back-seat role.

Mr Al-Fayed was at the centre of a stormy corporate governance controversy during his long-running row with Tiny Rowland over the ownership of Harrods. He also feels aggrieved about being denied board representation on the board of the Sears stores group at a time when he was the largest shareholder.

OFT boss seeks wider powers

PETER RODGERS
Business Editor

Powers to compel companies to produce internal board documents in use in takeovers and mergers are to be requested by John Bridgeman, the new director general of Fair Trading.

The proposals come as Ian Lang, president of the Board of Trade, prepares the terms of reference for a new consultative document on reform of competition policy, which is expected to include much tougher powers of investigation for the OFT.

Mr Bridgeman said the OFT currently has no powers to seize internal board papers and other similar documents. The OFT was sometimes able to per-

suade companies to produce the documents but it had no right to do so and its powers in this area were limited.

Mr Bridgeman said: "Were I able to see the paper case put up to a board of directors to secure their approval to a hostile takeover I would get a pretty good insight into what was in the minds of the management on that takeover."

He added: "Even in a friendly merger, the same papers put to the respective boards of directors would be most helpful in coming to a quick view on the matter. Extra power to demand information and supporting documents would be invaluable."

Mr Bridgeman would like new powers to obtain documents both in merger and monopoly cases in the UK. On occasions when he acts in the UK on behalf of European competition authorities he already has powers to search and seize, which he called draconian.

But Mr Bridgeman said that if he had the powers in UK law to acquire documents, then they would be requested and provided through lawyers and "search and seize" never becomes an issue. It is disclosure in other words - we would want the legal privilege to have documents disclosed and to form a view ... Anything that can get the job done quicker has got to be good." He would also seek powers to ring fence the activities of firms after a merger.

Profile, page 17

Fraud jurors 'need 'O' level'

DAVID HELLIER

John Wood, the first director of the Serious Fraud Office, has called for jurors in serious fraud trials to have at least an 'O' level in English and maths and preferably also an 'A' level in maths. He also believes a jury in a fraud case ought to consist of about six or seven members rather than the current 12.

Mr Wood reveals his thoughts on the composition of juries and other matters later this week when he speaks at a seminar on the London markets organised by the law firm, Denton Hall.

Speaking in the wake of the Maxwell acquittals, Mr Wood says he thinks the system for prosecuting corporate fraud in

this country "needs reform." He argues that there is no alternative to prosecuting cases in the criminal courts, but believes that the authorities should be more selective about the cases they take on and thinks there are cases which currently go to court that ought to be dealt with by way of a semi-criminal route.

He believes that there should be one regulatory body, similar to America's Securities and Exchange Commission, which is capable of drawing all the regulators under its wing.

Until that time, however, he says he hopes the Government will pay considerable attention to improving the manner in which criminal trials take place to assist the public by reducing the number of jurors in fraud

cases and make their task a great deal more tolerable."

He adds: "I am sure that if the intellectual ability of the jury is improved it will mean that these cases will take far less time to try and that in itself should be a great advance on the present situation."

Mr Wood strongly disagrees with the view that juries are not capable of trying serious fraud cases, though. "No one doubts the stress and strain upon jurors but, equally, no one can doubt that the Maxwell jury must have approached its task in an entirely responsible manner."

Mr Wood says he does not believe the averse comment about the SFO from the media and some MPs accurately reflects its reputation.

IN BRIEF

Redland mulls sale of bricks business

Redland will today confirm that it is considering the sale of its bricks division and looking at a restructuring of its stake in Braas, the successful German roof tiles subsidiary. The moves are part of a strategic review initiated by Rudolph Agnew, Redland's new chairman, and Robert Napier, chief executive. It is thought that there are no plans to buy out the 49 per cent minority in Braas, but the British group could inject assets into the business.

Fleming launches first Islamic fund

The first Western fund with its own board of Sharia scholars to attract Islamic investors is to be launched by Robert Fleming. The London-based merchant bank hopes eventually to pull in between £70m and £100m from wealthy Islamic investors in Europe and the Far East who have in the past been restricted in what they put their money into by strict religious laws. The Oasis fund will be registered and listed in Luxembourg. The supervisory board will keep it clear of areas such as alcohol, gambling and pornography. Fleming hopes to capitalise on the shift in recent years to a more liberal attitude on interest among Islamic scholars, making equity investment more acceptable.

PPP not to float

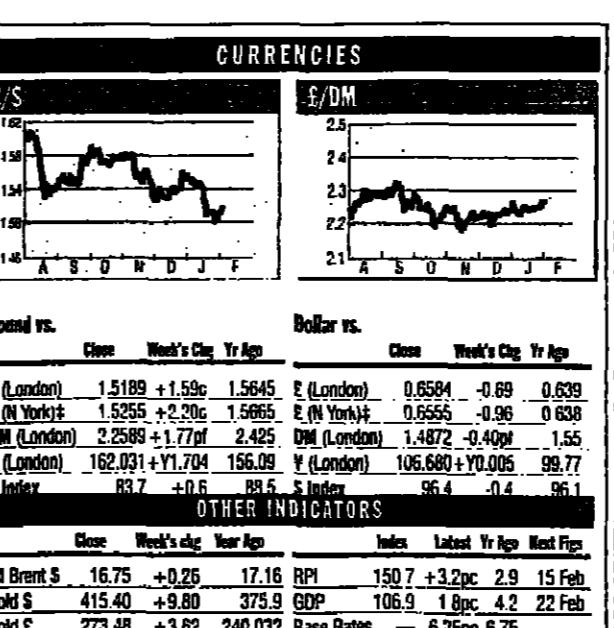
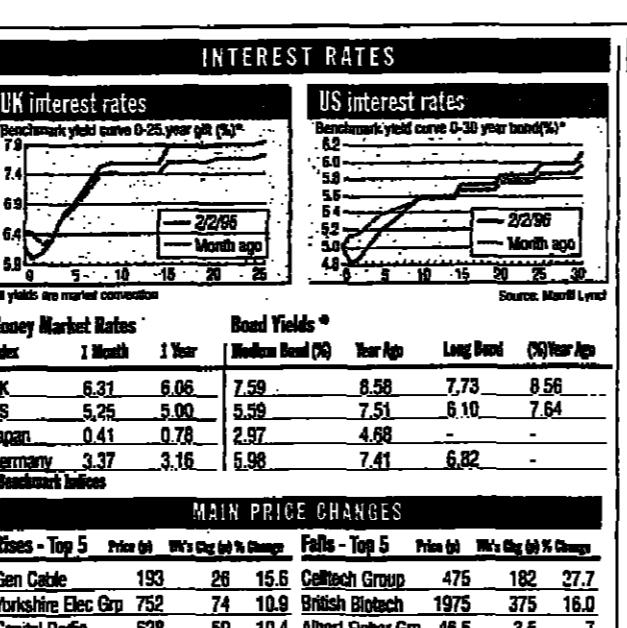
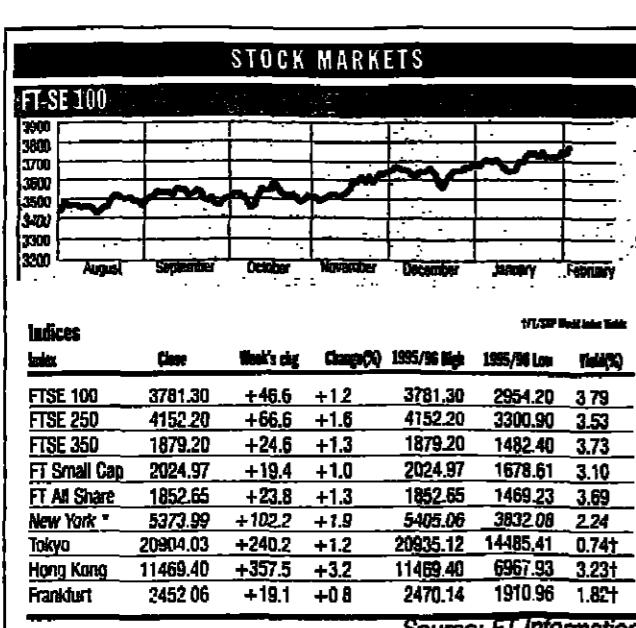
PPP health-care group has denied speculation it is considering a flotation. Currently a prudent institution, PPP has announced a corporate restructuring to allow it to raise outside finance. This new organisation will see the main operating division convert from a company limited by guarantee - which cannot issue shares - to an authorised insurance company having plc status. The share capital will ultimately reside with a medical charity, PPP health-care medical trust.

Stadium comes to market

Stadium Group, an engineering group specialising in plastic and electronic parts, is coming to the stock market with a value of around £30m. The group will raise £10m from a placing scheduled for some time in the next three months. Profits have grown from £1.25m to £4.44m in the last five years.

Cannon moves to Hardy

Hardy Oil & Gas has appointed Anne-Marie Cannon as its new corporate development director. Ms Cannon - who is understood to have turned down five jobs with investment banks to take the job - was formerly at Shell Expro and Schroders Corporate Finance.



الآن من الأصل



GAVYN DAVIES

'Rising costs and an expensive currency have resulted in a poor export performance. This has been only partly compensated by the fact that import growth has been held down by the tight domestic monetary policies followed by the Bundesbank'

No reason to copy the fading German miracle

For as long as most people can remember, we in Britain have been casting envious glances at the Germans, wishing that our economic performance could be more like theirs. Recently, this tendency has taken a new twist, with Tony Blair's adoption of the stakeholder principle – a principle that was clearly at the heart of the German success in the 30 years after the war. But ironically an unprecedented degree of pessimism is erupting in Germany itself about its own economic future. It would be going much too far to say that Germans have started to cast envious glances in our direction, but with their economy teetering on the brink of a recession which seems to have had no obvious short-term trigger, there is certainly a realisation that much in their system may need to be changed.

For the 'locomotive' economy of Europe, Germany's recent economic performance has been dire. In the four years from 1992-95, GDP growth averaged only 1 per cent per annum in the western sector. The pan-German unemployment rate is touching 10 per cent, compared with only 6 per cent before unification (and only 8 per cent in the UK today). Furthermore, the growth in labour productivity in the business sector in Germany since 1979 has been a puny 0.9 per cent a year, less than half that in the UK, and the third-worst record in the OECD.

Not only has productivity growth been sclerotic, but job creation has been anaemic as well, in an otherwise unpleasant combination. Two sectors have been primarily responsible for job creation in developed economies in the last decade – business and

financial services, and self-employment. In the first, Germany's record is the worst in the OECD. In the second, it has managed no growth at all, compared with almost 6 per cent per annum in the UK.

Increasingly, this dismal performance seems due to an over-regulated economy, and a labour market that is pricing workers out of jobs. During the 1980s, the increase in real wages for low-paid workers in Germany – the group most at risk from unemployment – averaged 2.6 per cent per annum, the highest rate of increase in the developed countries. In the US, the same group saw real wages dropping by 1.3 per cent per annum, while in the UK the increase was only 0.9 per cent per annum. The result was much less job creation in Germany than in the Anglo-Saxon economies.

In addition, the tax and social security burden on top of wages is unusually high in Germany. Together, these extra burdens represent 41 per cent of German labour costs, against 28 per cent in the UK and 29 per cent in the US. Although German workers remain much more productive than most other OECD workers, mainly because of higher levels of plant and machinery at their elbows, it is becoming increasingly difficult for them to compensate for the burden imposed on them by the federal government.

For many years, German entrepreneurs have reacted to these problems by voting with their feet, and leaving the country. To a larger extent than in other comparable economies, German firms have been building up plant and equipment in foreign countries, rather than at home. Direct for-

ign investment has averaged about 1 per cent of GDP each year in the past decade, and last year it reached a record of around DM40bn, equivalent to over 5 per cent of domestic investment.

Ignoring the effects of capital depreciation, the past decade of foreign investment has, on its own, reduced the sustainable level of GDP by over 3 per cent. And many projects cancelled because of lack of profitability in Germany have disappeared, so the build-up of foreign investment probably understates the true "hollowing out" problem by a wide margin.

How can we be sure that the rise in foreign investment reflects problems within Germany rather than the intrinsic attractiveness of investment opportunities in emerging economies? The accompanying graph shows that those countries which have invested most abroad tend to have the

highest levels of domestic wage costs, measured in a common currency (dollars). Furthermore, for any given level of wage costs, those countries with stringent regulatory standards in the labour market have a higher leakage of investment overseas than those with flexible labour standards. So there is some evidence that entrepreneurs are responding rationally to the incentives offered to them by labour market conditions in various economies.

In Germany's case, though, a persistent over-valuation in the exchange rate has added to the problem of excess labour costs, and a rigid labour market, at home. In nine of the last 10 years, German export deliveries have grown less rapidly than export markets, a record of lost market share unparalleled elsewhere in the OECD (except in the even more chronically overvalued Japan). Although the visible trade balance has managed to remain in surplus (largely because the domestic economy has been thrown into imbalance, with unemployment embarking on a persistently rising trend) the current account of the balance of payments has deteriorated alarmingly. In the mid-1980s, it was in surplus by around 4 per cent of GDP; now it is in deficit by 1 per cent of GDP, and widening.

Essentially, rising costs and an expensive currency have resulted in a poor export performance. This has been only partly compensated by the fact that import growth has been held down by the tight domestic monetary policies followed by the Bundesbank. Without these tight policies, inflation in Germany would have risen – instead, the exchange rate has been pushed up, the economy has been deflated, and the underlying problems are seen in rising unemployment.

Although these problems have been around for a long time, they have only recently been fully recognised inside Germany. The sudden collapse in economic growth last autumn was no doubt precipitated partly by the rise in the mark against the dollar and the lira earlier in the year, and by the fact that excess inventories had been accumulated during 1994. But these short-term factors do not seem sufficient to explain the full severity of the collapse in business confidence in recent months, and at last the government seems to be waking up to the need for structural reform. Even the Bundesbank has changed its spots, and seems desperate to push the mark at least 10 per cent lower against the dollar. Yet the Kohl government has often in the past promised much more than it has delivered when it comes to reducing taxation and regulatory burdens. Last week's "structural" package promises tax cuts of DM1.6bn next year (0.5 per cent of GDP). This combined with the current burst of monetary easing is likely to induce some recovery in economic growth in the months ahead. But it will take much more dramatic action to put the locomotive economy fully back on its tracks, and that seems as far away as ever.

Many aspects of the stakeholder system, such as the long-termism it breeds in industry, are still attractive. But, taken overall, the social market economy in Germany is no longer producing the goods, and has as much to learn from us as we have from it.

The new head of the OFT wants sweeping reforms and new powers unlikely to endear him to the City. Peter Rodgers reports

A poacher turns into a sceptical gamekeeper

THE MONDAY INTERVIEW JOHN BRIDGEMAN

There were unfair suspicions last year that decades as a senior manager in a multinational would make John Bridgeman, the new director general of fair trading, a touch too sympathetic to the views of big business.

The evidence of his first four months in office appears to be pointing the other way – perhaps even to a poacher turned gamekeeper rather than a fox loose in a chicken run.

In an interview last week he promised the OFT would take the lead in co-ordinating Britain's multitude of consumer pressure groups and he displayed deep scepticism about the takeover fever that has been sweeping British boardrooms for more than a year.

He said he would press the Government for a range of new investigation powers, including the ability for the first time to demand confidential boardroom papers during takeover bids.

Mr Bridgeman is developing a new consumer affairs strategy as a priority, starting with nationwide consultations about how to bring together the efforts of the OFT, 150 local authority trading standards offices, the Consumers' Association, the National Consumer Council and a host of specialist consumer protection bodies for the utilities and other organisations.

"There is a tremendous amount of interest in consumer issues but a lack of structure, leadership, focus and priorities. There is a lot the OFT can do to fill the gap," he says.

His message to consumers was: "The ammunition is short, gentlemen, let's count our rounds carefully."

The first results of this exercise in what he called "consultation, participation and co-operation" are to be unveiled at an Institute of Trading Standards conference in June.

Mr Bridgeman moved on from plans for consumerism to display an insider's distrust of the claimed benefits of the merger and takeover boom under way for more than a year.

He says: "I made my first acquisition in 1975 and my last in 1995 and have had more than 20 years in the mergers and acquisitions world."

He cited the uncertainties, the cost in fees and the management time involved in takeovers, said he was suspicious of the efficiency gains claimed by bidders, and added for good measure that the costs of mergers frequently outweigh the benefits.

To make doubly clear where he came from on these issues, he praised the views of Professor John Kay, the economist who has developed a highly sceptical line about the benefits of firms and the economy of the City-driven takeover culture.

Mr Bridgeman said he thought Professor Kay was on the right lines when he pointed out that Japanese and American firms are large because they

have been successful, not successful because they are large.

This strand of thinking goes against the view often ascribed to Michael Heseltine, the Deputy Prime Minister, that Britain needs strong national champions in industry, and that sometimes competition considerations need to be overridden to produce them.

Mr Bridgeman launched a high-profile inquiry into BSkyB, and displayed a suspicious attitude to the motives behind mergers of companies in dissimilar industries when he tried to have the North West Water takeover of Norweb, the electricity company, referred to the Monopolies and Mergers Commission. He found himself overruled in the end by Ian Lang, Mr Heseltine's successor as president of the Board of Trade.

Mr Bridgeman is philosophical about his first public rebuff. He says, "You have to allow people in government to discharge their responsibilities. The regulators' concerns are very important but they are one among other interests that have to be borne in mind as well."

The new director general has arrived at a critical point, when the Labour Party is promising a wide-ranging overhaul of competition policies and the Government has promised more limited changes, bringing a golden opportunity to influence both.

He believes the advantage of

UK law is that it gives the competition authorities a broad test of the public interest and wide discretion.

However, Mr Bridgeman said he had no objection in principle to Labour's plans to force companies to prove mergers are in the public interest before they are approved. He suggested this could suppress some takeover activity but "not necessarily radically change the pattern of business behaviour in battles for corporate control".

In the same vein, Mr Bridgeman was sympathetic to a pro-

posal by Graeme Odgers, chairman of the Monopolies and Mergers Commission, to give the OFT rather than ministers the power to initiate merger inquiries. He thought this a change of emphasis and less radical in practice than it sounded.

Though revolution may not be his style, Mr Bridgeman has his own long shopping list for the consultative document that Mr Lang has promised to publish later this year. It includes items that will not be at all welcome to City corporate finance departments. A power to seize

internal board papers and other similar documents would be useful for tackling UK cartels and monopolies as well as merger cases. "Anything that can get the job done quicker is bound to be good," he says.

Another power Mr Bridgeman would like is to ring-fence merged firms so they cannot make irrevocable changes before the OFT or the MMC has investigated. Of more than 100 mergers since Mr Bridgeman took over, 40 have been presented to him as a fait accompli, after completion. "Let's say

two bus companies merge and we conclude there is a reduction of competition and a lack of consumer choice and that the only remedy is divestment."

"If by the time we get to XYZ town we find the depot closed, the buses sold off to Thailand and the people have been made redundant, there is nothing we can do about it. We'd like to be able to tell them to ring-fence the assets till we have considered our response."

He says the area where reform is most urgently needed is the Restrictive Trade Practices Act, where the OFT first has to go through long-winded procedures to obtain court orders to ban price-fixing, market-sharing and bid-rigging.

Astonishingly, no laws can be imposed, except for contempt, if the miscreants subsequently defy the court.

Although Mr Bridgeman is against a wholesale switch to the European system of basis and fines, he thinks they would be a useful weapon against three common problems in the UK.

The best known is predatory pricing when, for example, a supermarket sets very low prices for bread to put the local bakery out of business. The second area is where manufacturers refuse to supply shops unless their whole product range is stocked; the third is straightforward refusal to supply goods.

While reform of competition law is on the agenda of both main political parties, ideas about how to achieve it have been in a state of flux since a government White Paper in 1989 which Mr Bridgeman believes was too sympathetic to importing European legislation.

"Thank heavens we didn't go along with that. Much of what will emerge from the Government's current consultation round will be quite different," he says.



'Ammunition is short, count the rounds carefully': John Bridgeman plans to plug the gaps

Photograph: Jane Baker

Recovery may be in sight but the bubble hangover lingers on

VIEW FROM TOKYO

Kasumigaseki, the home of the Japanese bureaucracy, and Tokyo's equivalent of Whitehall, is a sobering place to work at the moment. Every day for the last fortnight, civil servants scurrying into the great ministries have been assailed by amplified slogans delivered from black vans by right-wing demagogues. The ultra-nationalists are furious at a government plan to bail out a group of bankrupt mortgage companies with as much as ¥1.200bn public money – last month, one of them became so irate he drove his van into the gate of the Ministry of

The public is in no mood to have cash squandered

Please where it caught fire. On Friday, a group of ordinary citizens expressed their disgust by pelting the portals of the MoF with beans in Kasumigaseki, the Year of the Rat has got off to a very rough start.

But after a run of bad luck – from the Daiwa Bank bond losses to financial scams by the bureaucrats – the ministry appears to have some good news.

In its monthly report

on quarters will provide some real growth surprises," says Jasper Kroll of JP Morgan, "but after the risk of a brake on the economy is very high."

All responsible analyses echo this caution. In hangover terms, this fear that, despite purging itself of the excesses of the bubble, the poor old economy is still in a nausious and vulnerable state, liable at any moment come down with a stink cold.

These modest growth indicators are balanced by an alarming number of stubbornly negative factors, which suggest that ordinary Japanese are unlikely to feel the benefits of the putative recovery for a long time. Unemployment remains at a record 3.4 per cent but possibly twice as much again. The social stigma of claiming welfare and the discrimination of Japanese companies to sack workers, makes counting the unemployed a difficult task. Firms have dealt with the slump by freezing recruitment rather than imposing redundancies: among the 15-24 age bracket, unemployment is 6.1 per cent, and many of the jobless graduates are registered by this policy are unregistered.

Industrial output rose for the third successive month in December, up a modestly cheering 0.8 per cent, after a 1.5 per cent rise in November. Housing starts in the same month were also up a fraction, and machinery orders rose 2.1 per cent. These good omens notwithstanding, there is a palpable reluctance among analysts and bureaucrats to finally utter the R-word. "The next couple

find that personal consumption is on a gentle upward incline. Pessimistic economists explain this by reference to the unprecedented series of national disasters that struck Japan last year. After the Kobe earthquake, and the Sanriku nerve-gas attack on the Tokyo subway, the naturally cautious Japanese householder reacted by cutting his spending and saving his income. The lowering of this psychological barrier has produced the illusion of a consumer boom, which – the reasoning goes – will dissolve in the face of growing unemployment.

In a sense, the apparent upturn should come as no surprise. Last August, a ¥73,000bn public spending programme was unveiled by the government, criticised at the time as an unimaginative response to the crisis of stagnation. Given its scale what is perhaps most striking about the glimmerings of recovery is how faint they have been. The government's huge payout has contributed to a budget deficit expected to amount to 6.2 per cent of GDP this year. Even if there were ready funds for another public spending spree, the public is in no mood for further squandering of its tax cash.

When last year's dose of fiscal Paracetamol wears off, the recessionary headache may throb as painfully as ever.

Richard Lloyd Parry

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SCIENCE

Should we bury nuclear waste? **Stephen Goodwin** and **Tom Wilkie** sift evidence to the Nirex inquiry

Between a rock and a hard case

After five months and the expenditure of more than £10m, life returns to whatever passes for normal this week for a group of scientists, green activists, lawyers, and public servants following the end of a public inquiry into the key stage of a £2bn nuclear waste dump.

UK Nirex, the state-owned nuclear waste company, itself spent almost £10m on presenting its case, with a team of 44 staff working in a suite of offices refurbished at a cost of £100,000, in an old mill building opposite the draughty civic hall in Cleson Moor, west Cumbria.

The inquiry was ordered when Cumbria County Council refused Nirex's application to build the underground laboratory, known as a Rock Characterisation Facility (RCF), at Longlands Farm, near Gosforth on the western fringe of the Lake District National Park. Two shafts would be sunk – the deepest to 920 metres – and galleries excavated to test the suitability of the Borrowdale volcanic rock for storing radioactive material for 100,000 years.

Environment campaigners believe they have shown Nirex's scientific case for pressing ahead with a rock laboratory on the edge of the Irish Sea to be "fundamentally flawed". The Dublin government made an unprecedented appearance at the inquiry to issue a thinly-veiled threat to oppose the project in the European Court of Justice. And even a local community with thousands of jobs tied up in the nuclear industry made plain their distrust of the waste company.

Nirex hopes the £195m laboratory would confirm its assertion that the site holds "good promise" for a repository to take the waste from British Nuclear Fuel's Sellafield reprocessing plant, only two miles away. Waste equivalent to a football pitch 40ft deep is now stored above ground, two-thirds of it at Sellafield.

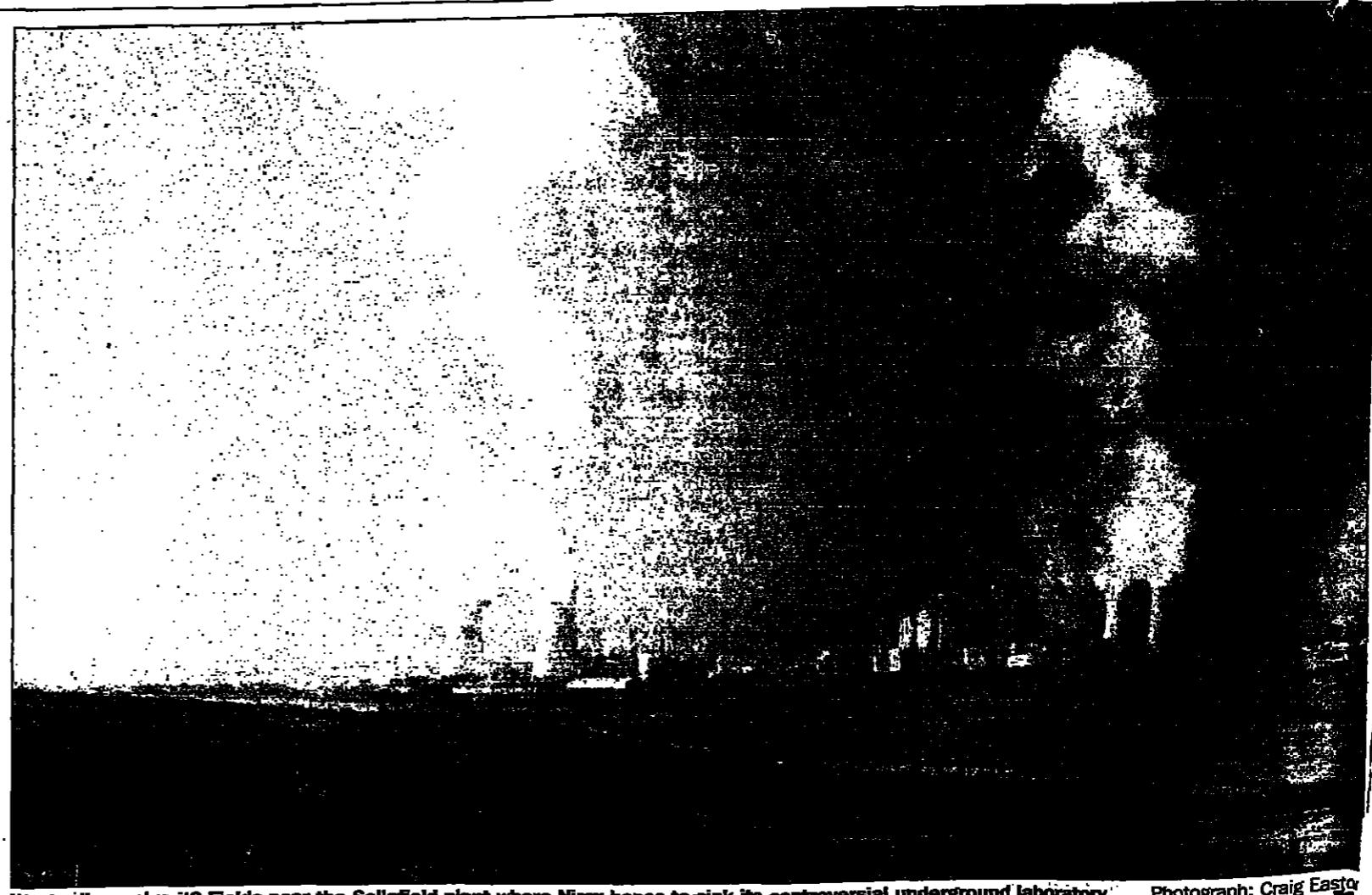
But Guy Richardson, Cumbria's head of planning, says Nirex had chosen Sellafield primarily because of its proximity and because the company feared local opposition. The risk is that underground water might dissolve radioactive elements out of the buried waste and car-

nuclear industry. Nirex would not reveal the other 11 sites on its shortlist, but it was confidently asserted around the inquiry that a more geologically simple one was in East Anglia.

"We know that the geology and hydrogeology at the Sellafield site is so complex and unpredictable that even if an RCF were to proceed it will be extremely difficult to make a robust safety case," Mr Richardson says.

Friends of the Earth maintains that its seven expert witnesses inflicted a "scientific defeat" on Nirex, despite a claim by the company that it would pull them apart in cross-examination.

FOE asserts that to go underground now would be premature, and that another five to 10 years of investigation needs to be done through bore holes and other surface work. The shafts to the RCF will disturb the natural patterns of ground water movement – and ground water is a crucial aspect if safety is to be assured. The risk is that underground water might dissolve radioactive elements out of the buried waste and car-



Waste disposal unit? Fields near the Sellafield plant where Nirex hopes to sink its controversial underground laboratory

Photograph: Craig Easton

years of research on a timetable of 100,000 years?"

But Michael Folger, Nirex's chief executive, calculates delay in terms of the £35m in interest payments for each extra year – charges on its loans from BNFL and nuclear industry shareholders. The inquiry has already

put its timetable back 18 months. The earliest waste could start going underground in 2012.

Mr Folger emphasises that the RCF is a research facility. "The granting of planning permission ... would not commit us to developing a repository at Sellafield. If underground research

shows that the site would not be suitable, Nirex would 'walk away.'

The inquiry sat for 66 days, and heard 73 witnesses, 18 of them appearing for Nirex. More than 1,000 documents were submitted, plus 2,585 written representa-

tions. Chris McDonald, the planning inspector who conducted the inquiry, is expected to hand his report and recommendations to the Secretary of State, John Gummer, around the end of October. Nirex's working assumption is that Mr Gummer will deliver his verdict in spring 1997.

Alien life forms with liquid assets

Nigel Henbest and Heather Couper on vital signs from the 'new' planets

Last month two American astronomers announced their discovery of two planets, one in the Great Bear constellation and the other in Virgo, at a meeting of the American Astronomical Society in Texas. In the same breath came pronouncements about life there – according to the society, "the conditions indicate that life as we know it could exist on those planets".

It would indeed be ironical if the first life we found beyond Earth was in orbit around the obscure stars 47 Ursae Majoris or 70 Virginis. Astronomers have scoured the planets of our solar system for decades, in a hunt for even the tiniest living microbes.

Against this disappointing background runs one growing gleam of hope: the raw materials for life are turning out to be two-a-penny throughout our solar system and well beyond. In the Sixties, astronomers found huge dark clouds in our galaxy, the Milky Way, full of organic mol-

ecules. The *Voyager 1* spacecraft discovered a moon of Saturn covered with an orange veil of organic material. And in 1986, Europe's *Giotto* spacecraft found that the icy nucleus of Halley's Comet was coated with black organic compounds.

No one doubts that the two newly discovered planetary systems must also be thick with the basic molecules of life. But how do they turn into living creatures? Astronomers are now focusing on one essential ingredient: liquid water.

What keeps us alive are chemical reactions in the watery interior of our cells. Astronomers think that simple one-cell organisms may well have formed in early oceans on two neighboring planets.

Given water, the range of life on Earth is wider than anyone had anticipated even a few years ago. Most surprising are animals and plants that live miles below the ocean surface. Instead of living off light and oxygen, they rely

The planet circling 47 Ursae

Majoris is about as far from its star as Mars lies from the sun. Although Mars is frozen, this world is big enough to exude heat of its own, which may raise temperatures above freezing point. The other planet orbits 70 Virginis at roughly Venus's distance from the Sun. Its temperature works out to 85C. "That's cool enough to permit complicated organic molecules," calculates Marcy, "and because 85C is below the boiling point of water, this planet could conceivably have rain or even oceans."

But even if these worlds do not turn out to be the home of alien life, they may show the way. Any alien astronomer living some 35 light years away from our Sun would pick out the wobbles due to Jupiter, but would detect no sign of its smaller kin, including the Earth.

In the long run, their role may be as signposts: "Here is a planetary system: look harder, and you may hope to find a second Earth."

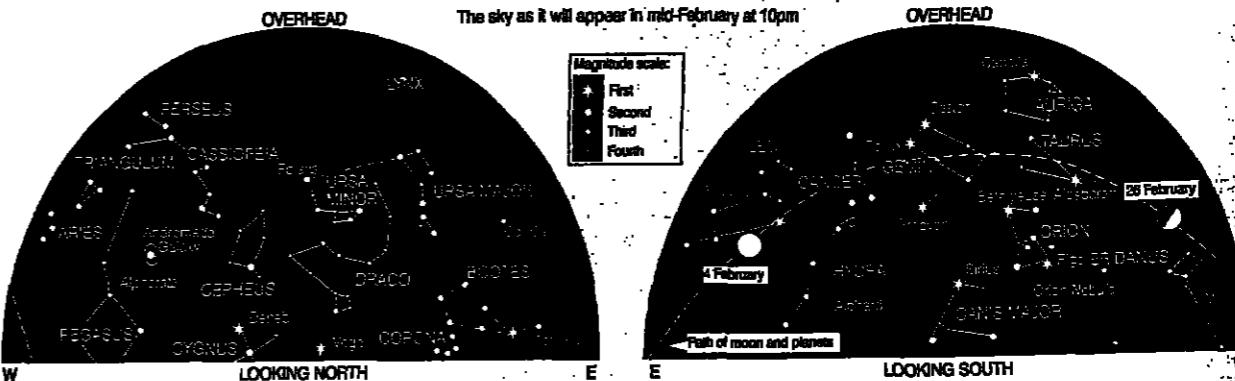
On February 12, Earth passes through Saturn's ring plane. From now until 2003 we will see the south face of its rings illuminated. Saturn's next-door giant, mid-month, it sets four hours after the Sun. Look for a stunning grouping of Venus and the crescent moon on 22 February.

The constellations on view are starting to take on a spring-

like appearance, with Orion and his entourage beginning to slip down towards the west. Gemini rides high in the south, and to the left is the dim and crab-like constellation of Cancer. Look – with binoculars – in the small triangle of stars at Cancer's heart to locate a large, faint cluster of stars. It is commonly called the "Manger" or

the "Beehive", although ancient Chinese astronomers knew the "exhalation from piled corpses".

Diary (all times GMT)
11.90pm Mercury at greatest western elongation
12.8.37am Moon at last quarter
18.11.30pm New Moon
26.5.52am Moon at first



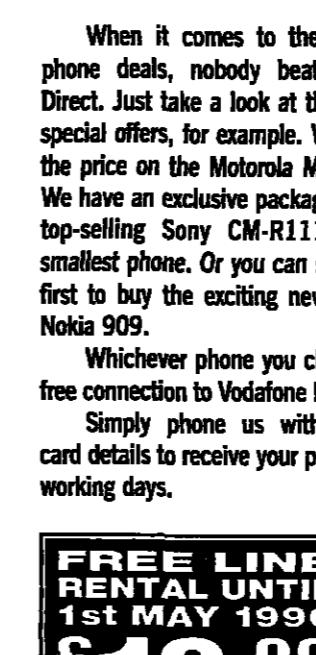
What's Up
Venus is set for a long session holding centre-stage this spring. From now until 2003 we will see the south face of its rings illuminated. Saturn's next-door giant, mid-month, it sets four hours after the Sun. Look for a stunning grouping of Venus and the crescent moon on 22 February.

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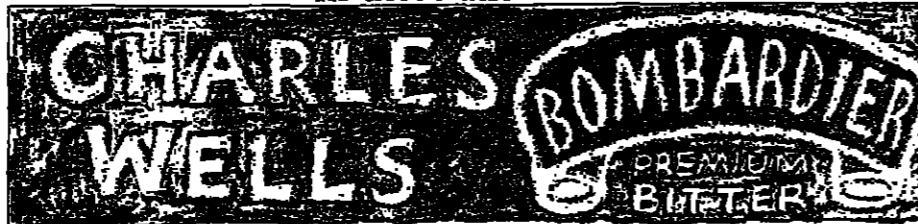
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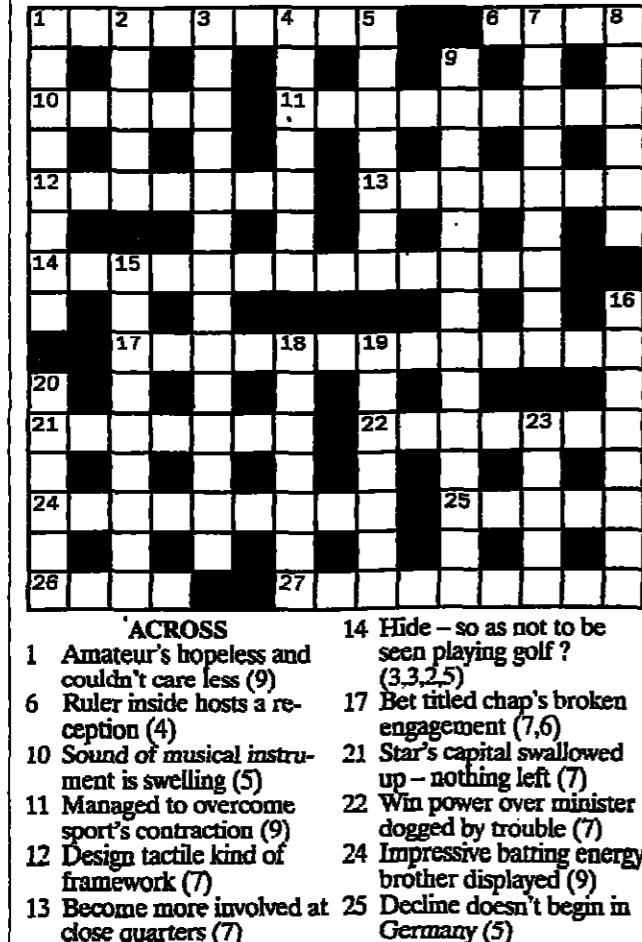
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No. 290L Monday 5 February



ACROSS
1 Amateur's hopeless and couldn't care less (9)
6 Ruler inside hosts a reception (4)
10 Sound of musical instrument is swelling (5)
11 Managed to overcome sport's contraction (9)
12 Design tactile kind of framework (7)
13 Become more involved at close quarters (7)
14 Hide – so as not to be seen playing golf? (3,3,2,5)
17 Bet titled chap's broken engagement (7,6)
21 Star's capital swallowed up – nothing left (7)
22 Win power over minister dogged by trouble (7)
24 Impressive bating energy brother displayed (9)
25 Decline doesn't begin in Germany (5)

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Chelsea hit
as Robson's
Boro lose at
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10 Victoria
Over Waller
Pages 2 & 3

Rough
stump